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NATION'S BUSINESS

SEPTEMBER ★ 1936

Dissecting the Tugwell Experiment

BY CHARLES STEVENSON

I Worked in Russia

BY ANDREW SMITH

Agriculture's Jack of All Trades

BY H. H. SLAWSON

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Published by the Chamber of Commerce
of the United States ★ ★ ★ Washington

SAPF

How they dig for coal

IN 1936.

IN ILLINOIS



● They use an Aluminum dipper!

What a dipper it is! So big that one load would completely fill a room in your house ten feet wide by eleven feet long.

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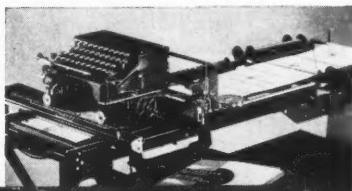


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Some forms are used in every branch of the electrical industry, others in the process industries, and still others in the mechanical industries. Pharmaceutical, cosmetic, food, and liquor industries use Bakelite Materials for containers, closures and merchandise displays. The building industry uses them for decorative effects both indoors and out. Furniture, hardware, paint and varnish, textile, and automotive are other industries making wide use of them.

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WATER COOLING EQUIPMENT

• Plan now to bring your plant up-to-date. Give it the stamp of progress and success. And give your men the finest drink that ever quenched a well earned thirst. Invest in *Water Power* in 1937 — invest in Frigidaire Water Cooling equipment!

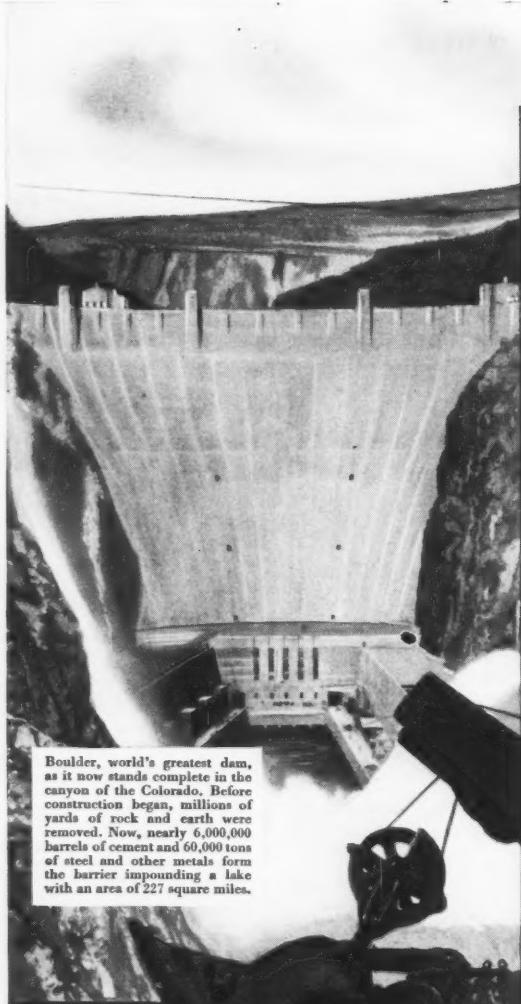
Plenty of cool, refreshing water close at hand means comfort and goodwill for the men on the job. And from your own standpoint it means greater efficiency in every department . . . more production, fewer accidents. Frigidaire equipment also means a tremendous saving in dollars and cents over ice. A saving so great

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There is Frigidaire Water Cooling equipment for every need. Efficient, dependable and economical. It will pay you to get complete details. Find out how little it costs you and how much it saves you to have cool, sparkling water throughout your plant. *Investigate at once, and include Frigidaire equipment in your 1937 budget. For free survey and estimate see your nearest Commercial dealer or write*

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Boulder, world's greatest dam, as it now stands complete in the canyon of the Colorado. Before construction began, millions of yards of rock and earth were removed. Now, nearly 6,000,000 barrels of cement and 60,000 tons of steel and other metals form the barrier impounding a lake with an area of 227 square miles.

International Trucks handled 80 per cent of the heavy hauling at Boulder Dam

IN 1931 Six Companies Inc. began the building of Boulder Dam. Today the tourists look down in awe as they ride a highway 730 feet above the Colorado River bed. The finished barrier blocks the canyon. Boulder, world's greatest dam, stands complete—*two years ahead of schedule*.

The certificate of appreciation presented to International Harvester by Six Companies Inc., and reproduced here, is a reminder of the service rendered by International Trucks in this celebrated project. Other equipment of this engineering age also played its part, but to Internationals fell the major share of the heavy hauling.

We ask the construction industry and all users of trucks to note that the number of Internationals at Boulder Dam practically doubled all other heavy-duty makes combined—outnumbered any other single make in excavation service *by more than five to one*. The great fleet of International Trucks handled 80 per cent of the heavy hauling, accounted for

something like a million loads into and out of the canyon, performed brilliantly from start to finish in the fifty months of Herculean action in the building of Boulder Dam.

International Trucks, from Half-Ton to powerful Six-Wheelers, serve all hauling needs. Chassis prices \$415 up, f. o. b. factory. Low time-payment rates apply on all models. Company-owned branches and dealers at your service.

INTERNATIONAL HARVESTER COMPANY
(INCORPORATED)
606 S. Michigan Ave. Chicago, Illinois



NOW—at BONNEVILLE
In evidence of lasting quality and stamina, veteran Boulder Internationals are working today in the making of Bonneville Dam, on the Columbia. This illustration shows a new 5 to 10-ton International Model A-8 at Bonneville.

INTERNATIONAL TRUCKS

QUESTIONS our readers are asking:

- 1 • WHAT certain, definite procedure has preceded communism in European countries? ANSWER ON PAGE 17
- 2 • WHAT is the real purpose behind the program of the Resettlement Administration? ON PAGE 18
- 3 • DOES rehabilitation of families act to perpetuate bureaucracy and the party in power? ON PAGE 20
- 4 • HOW does the new shipping law pave the way to government ownership of railroads? ON PAGE 21
- 5 • WHAT is all this talk about soybeans and why are we hearing so much about them? ON PAGE 24
- 6 • DOES the Revenue Act of 1936 mean higher income taxes for my company? ON PAGE 27
- 7 • IS there any loophole by which a corporation income may escape the new supertax? ON PAGE 28
- 8 • IS Soviet Russia really a workers' paradise as the Communists claim? ON PAGE 29
- 9 • ISN'T there a way to even things up so that some people will not have so much while others have so little? ON PAGE 32
- 10 • IS there any reason to believe that work will be found in the future for all those who want to work? ON PAGE 33
- 11 • WHAT does ICC regulation of trucks offer the shipper that he was not getting in the past? ON PAGE 36
- 12 • WILL trucking rates be higher or lower as a result of the new regulations? ON PAGE 38
- 13 • IF millions are still unemployed in this country why is it so hard to find trained men? ON PAGE 44
- 14 • IF a firm pays good wages, is that enough to keep its employees interested in their jobs? ON PAGE 46

What is Coming in October
Turn to Page 56

NATION'S BUSINESS • CHAMBER OF COMMERCE OF THE UNITED STATES

VOLUME 24

Merle Thorpe, Editor & Publisher

NUMBER 9

Managing Editor, RAYMOND C. WILLOUGHBY; Contributing Editor, WARREN BISHOP; Business Manager, J. B. WYCKOFF; Director of Advertising, E. V. THOMPSON; Circulation Manager, LAWRENCE F. HURLEY.

GENERAL OFFICE—Washington, U. S. Chamber Building. BRANCH OFFICES—New York, Graybar Bldg. San Francisco, 433 California Street. Dallas, 1101

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Commerce St. Chicago, First National Bank Building. Atlanta, Chamber of Commerce Building. As the official magazine of the Chamber of Commerce of the United States this publication carries authoritative notices and articles in regard to the activities of the Chamber; in all other respects the Chamber cannot be responsible for the contents thereof or for the opinions of writers. SUBSCRIPTION RATES: Three years, \$7.50; one year, \$3.00.



John Marshall
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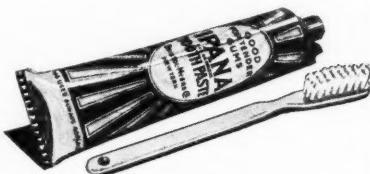
Today dentists everywhere stress the fact that true oral hygiene entails regular *daily care of the gums* as well as of the teeth. And, because it is an effective aid to gum massage, Ipana Tooth Paste has earned the title of "the dentist's ablest assistant in the home care of the mouth"!

Our soft, modern menus are, in the main, responsible for the modern plague of tender, ailing gums. And gum massage, *with Ipana*, is the sensible substitute for needed work and stimulation.

If your own tooth brush should ever show "pink"—see *your dentist!* You may be in for serious trouble. But usually it is simply a warning of lazy gums, gums that your dentist will tell you will respond to a daily schedule of Ipana Tooth Paste and massage.

SWITCH TO IPANA AND MASSAGE

Get a tube of Ipana from your druggist today. Rub a little extra Ipana into your gums every time you brush your teeth. You will soon notice an improvement. The gums feel stronger, more resistant, as new circulation brings new firmness.



For sound teeth and healthy gums

IPANA
TOOTH PASTE

Through the EDITOR'S SPECS

A friend of fact

AS THE presidential campaign gains momentum and reason is outpaced by feeling, we are anticipating the usual question: Is NATION'S BUSINESS non-partisan?

NATION'S BUSINESS is non-partisan if for no other reason than that it has to be. Probably there are as many Democrats among its 280,000 subscribers as Republicans, although there has never been occasion to make even a superficial analysis. (The morning mail assures us there is at least one Townsendite!)

This magazine's duty to its subscribers, as we see it, is to interpret economic questions. If there is a single industry today that it might discuss without being compelled in the second paragraph to go into the implications of government activity in that particular field, the editors don't know what it is.

THE PUBLIC STATE of mind today could best be summed up in the one word "intolerance." Each man has his own opinion and hunts for facts to buttress that opinion. Owen Young it was who said that the least developed of our natural resources is facts. Americans today are not content with searching for facts and arriving at an open-minded opinion. Nowadays, if a man or magazine publicly affirms that two and two make four, there is sure to be some newspaper that would head its story, "Bitterly Assails Administration."

A former Administration designated NATION'S BUSINESS as one of its hardest-hitting critics as the magazine pounded away at the danger of bureaucracy, the growth and menace of government by men through administrative law replacing statutory law, the growing competition of political agencies in every business field, and the inevitable loss of political freedom.

AS A MATTER of fact, no parties or administrations are sacrosanct to NATION'S BUSINESS. An editorial policy which is concerned with principles rather than personalities will continue to regard any occupant of

the White House as "X" in the national equation.

NATION'S BUSINESS believes that neither wisdom nor patriotism is served in dumb assent to an Administration program. Where experience and judgment call for questioning, such questioning seems wholly in the public interest. As political observers have pointed out, every Administration needs questioning for its own good. It needs to hear the objections. It needs the clarification which comes from having to explain what it is doing. It needs protection from its own courtiers, from the delusions of its own unexamined premises, from the conceit that sooner or later afflicts the human animal when everybody around him says "yes, sir." It needs, in short, a series of great debates in which the principles and measures it is using are thoroughly aired, thoroughly questioned, and thoroughly explained.

Under such a banner, as NATION'S BUSINESS views it, every citizen could enlist without prejudice to any party convictions, and at no sacrifice of honest differences of opinion.

Note on current events

THE best comment on the prevailing trend of investigationitis and regulatory mania comes from Senator Reynolds, although it is only fair to say the Senator did not mean to comment on political conditions in the United States. Therefore, what he said is evidence of the first water. When he was held up by bandits in Mexico and was asked by a correspondent to tell "how it felt," he replied:

"At first, I thought they were only government officials."

Farming under fiat

WHAT the drought will do to the nation's market basket becomes in part apparent in the expectation that wheat will again be imported in sizable quantities. Domestic consumption last year was about 650,000,000 bushels. With meat and potatoes high, there's more demand for bread. Spring wheat was hard hit by moisture deficiency. Inroads on the carryover of the 1935 crop were



The Inside Track to Profits!

AS industry goes into the "home stretch" of 1936, plant location looms more and more important as a factor in deciding the winners. And just as the horse on the rail has the favored position in a race, so the company next to the rails of the Chesapeake and Ohio Lines has a big advantage. ★★★ Manufacturers fortunate enough to be on George Washington's Railroad don't have to go as far as outside competitors . . . in many respects. Take raw materials for example—tremendous sources of basic products are right along the track. Ample supplies of

coal, gas, and oil are within easy distance. American-born labor is abundant—fuel and power costs are low. Little wonder, then, that such manufacturers can pull away from the field! ★★★ Wouldn't your business make a better run for your money if you could secure an improved location for your plant? Think it over—but don't wait too long and get "left at the post." Better get in touch as soon as possible with George D. Moffett, Industrial Commissioner, Chesapeake and Ohio Lines, Huntington, West Virginia. Do it now!



George Washington's Railroad
C H E S A P E A K E and O H I O
Original Predecessor Company Founded *by George Washington in 1785*

heavier than anticipated. These two factors tend to cancel the rise in the winter wheat total reported in July. It looks now as though we would have to import not only considerable amounts of wheat but of corn and possibly rye, barley and other feed stuffs such as hay. The hay crop is none too plentiful in the aggregate.

How the long dry spell will affect the farmer's income is still a riddle. Prospective crop yields in the second half of the year will tell the tale. Government experts look for higher averages for many commodities such as grains, potatoes, fruits and vegetables, eggs and dairy products. Marketings of meat animals from supplies larger than a year ago possibly will be increased by some sacrificial selling.

As Secretary Wallace put it to the Baby Chick Association meeting in Kansas City:

The great droughts of 1934 and 1936 are a challenge to the inventive genius of the democratic institutions of the United States. No matter how great the problems which are forced upon us by weather, which seems now to fluctuate more violently from year to year than hitherto, America is sound at heart, and I am sure will devote her inventive power, her natural resources and her democratic institutions to give bounty and hope to all our people.

No one is likely to contest that heartening sentiment. Where misgiving is likely to appear is in the growing conviction that authoritarian fiat has superseded inventive genius in taking account of the vagaries of nature and the variables in the human equation.

The riddle of the capital city

TO THOSE earnest students who are seeking the answers to many of the "problems" before the nation, we recommend a case study of Washington, the capital city of the United States of America. It entered the depression with its industries practically unaffected. Its principal factory employed 64,000 men and women. This number increased in spectacular fashion until, in 1936, it reached 116,000.

The pay roll of its principal factory increased \$100,000,000 a year, standing, for the year 1935, at \$241,455,788. The number of employees had reached the 1918 peak of war time, but the wage and salary envelopes of 1935 were \$60,000,000 greater. Its principal industry, to which we are referring, you have already guessed, is Government. The figures are Civil Service employees on the government pay roll.

In addition to this industrial pay roll, activities brought thousands of business men and others to Washington. At the height of NRA coopera-

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tion, trains came in double sections. The influx of government employees put residential building second in the country. Perhaps no city—not excepting Cripple Creek—enjoyed the boom time days that Washington experienced.

But along with boom-time and industrial activity came unemployment and unemployment relief. The federal Government appropriated \$498 for each of the 486,000 inhabitants, men, women and children of the District. As conditions improved, as department store sales, for example, increased 25 per cent, unemployment and the need for aiding the unemployed increased. It was necessary for the paternalistic government to expend, in the District of Columbia, twice as much per unit of population on unemployment relief as in those states which had large industrial cities such as Illinois, which received \$200 per inhabitant, New York less than \$200, and Michigan \$210.

This, then, is a situation that should lend itself to the researcher seeking sense in this welter of present-day inconsistencies.

The case of Mrs. Wemple

IT WOULD be worth while to know Mrs. Kate Wemple's recipe for longevity. She is past eighty, and still enjoying life. Her time has been her own since 1915 when she retired from the management of the Schenectady office restaurant of the General Electric Company. Each month since that time she has received a pension check from the company. Mrs. Wemple is the oldest beneficiary in point of years of benefits received, though not in point of years of age.

What the General Electric has been doing for its workers since 1912 offers its own rebuttal of the persistent charge that industry provides for the obsolescence of machines, but not for the obsolescence of men and women. A total of \$15,600,000 has been paid out in pensions with the yearly figure now amounting to \$2,589,000. Assets of the pension funds approximate \$33,300,000—\$26,000,000 in the company's fund and \$7,300,000 in the fund accumulated from workers' contributions.

Security on the American plan is nothing new, much as it is evangelized as a political novelty imported from older—and presumably more social minded—countries. Mrs. Wemple knows better—and so do the other 1,600 company beneficiaries in the Schenectady area.

Numbers for everybody

HOW long it will take to round up the millions of applications and identification of employees for the re-



Knee deep in trouble *When figures jam!*

Every hour of every day business depends on figures; they flow through every office, factory, and store in a never-ceasing stream. Figures are the very life blood of business. Ever since the first Monroe Adding-Calculator was made and sold twenty-four years ago, Monroe has played the major part in simplifying, speeding, and cutting the cost of producing accurate business figures.

Monroe offers 197 different models: calculators, adding-listing machines, bookkeeping machines, check writers and signers. Each Monroe is compact and desk-size, each one has the famous "Velvet Touch" keyboard that takes the strain from

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Try a "Velvet Touch" Monroe on your own figures. The nearest Monroe branch will arrange it without obligation. Write for free copy of booklet, "If Only I Could Work On Your Desk For An Hour." Monroe Calculating Machine Co., Inc., Orange, New Jersey.



NEW GROUP AND GRAND TOTAL ADDING-LISTING MACHINE

Duplex registers, one for group totals and sub-totals, and one for grand totals and sub-totals . . . automatic negative totals and sub-totals.



Light for beauty...
for sight-saving... for
protection and profit...
forms an important part
of Westinghouse's many-
sided service to industry
and the individual.

LIGHT FOR A NEW DAY

Serene against the evening sky stands the Washington Monument, its slender beauty bathed in clearest light. In New York harbor, flood-lighting lends nocturnal brilliance to another national landmark — the Statue of Liberty. Both were flood-lighted by Westinghouse. The art of "painting with light"—newest manifestation of national beauty-consciousness — has received inspiration from Westinghouse in these examples and many others.

Such spectacular achievements serve merely to highspot the steady progress of lighting in commerce, industry and the home. Westinghouse pioneering in this field dates from the World Columbian Exposition, which a quarter of a million Westinghouse lamps transformed into a fairyland of exquisite beauty. Today over a hundred million Westinghouse Mazda lamps a year are sold at prices that have moved steadily downward. Better lamps each year are putting better light and better sight within the reach of all.

As a manufacturer of complete lighting equipment for all purposes, Westinghouse accepts every responsibility of leadership. In Westinghouse laboratories, skilled scientists are constantly seeking and finding new ways to expand the services of light to mankind. Westinghouse Electric & Manufacturing Company, East Pittsburgh, Pennsylvania.



50 YEARS OF ACHIEVEMENT



ords of the Social Security Board nobody knows. "Not later than November 15" is the announced time for beginning the job of bringing 30,000,000 workers into the old-age retirement system projected in the Social Security Act.

Each individual who will be covered by the annuity section of the Act will be given a number to be held throughout his life. This serial number will be displayed on an emblem designed to serve the worker as his record of his benefit account. On January 1 the Act will become effective for both taxation and benefit purposes. There is obvious need for some sort of system to keep track of the millions of beneficiaries moving from place to place and from job to job. Convincingly as the case for numbering may be argued, the consequent depersonalization must be viewed as a concession to necessity. Populations that live under a régime of numbers come to regard their numerals as a badge of lost liberty.

Possibly the transition will not be so difficult for the millions who learned their regimentation under a hard-boiled drill sergeant. "By the numbers" is still good army lingo. If namelessness is to become the rule, a state of national impersonality might be sweetened with official use of the "number, please" invitation made famous by the voice with a smile.

A new kind of "overhead"

FEW men in public life can afford the luxury of candor. Always they must face the possibility of reprisal for naming names or hitting heads. What Norman Thomas told the Townsendites about themselves at Cleveland may be passed off, according to the point of view, as a public spanking administered without jeopardy to his own prospects; on another level of interpretation his tongue lashing would win recognition for the independence it defined.

Possibly he despaired of converting to left wing Socialism what is currently spoken of in political lingo as the "grandfather vote." In any case, he set something of a precedent as a presidential candidate by accepting an invitation to address the evangelists and lay members of Townsendism in convention assembled, and then roundly if urbanely lambasting their cherished tenets.

No agreement with the principles Mr. Thomas advocates is needed to discover an intelligent questioning of the soaring promises which lift up the hearts of wishful millions. In 1932 the Socialists gave their perennial candidate 884,700 votes—no figure to compare with the balloting power credited to the legions of

Townsendites. As the entrancing visions of their leaders beckon them onward, ill will toward "economic royalists" seems singularly out of place.

Where every man's a king, every woman a queen, monarchy will be the mode. Democracy will go off the books. And along with the plain citizen, the new dispensation promises to elevate to the peerage the political courtiers and the court jesters. Not unthinkable is the thought that some members of the imminent aristocracy to be sired by hocus pocus would long for the good old days when a crown was commonly regarded in America as insupportable "overhead."

Recipe for independence

WHERE the spirit is strong the flesh will be sustained against the severity of its trials. Veterans of six hard winters, business men of Huron, S. D., have contrived to keep an edge on energy with summer temperatures passing the hundred mark. Chamber president M. V. Avery would not take the heat as an excuse for slacking. Worst effect of the drought, he thought, was to slow the pace of trade and industry, to reveal the lazy streak in human nature. He added:

Imagine on the other hand what would happen to business if every one thought "I do my best with my back to the wall. Some crack under additional strain, but not me. If you want to see how I act when the cards are stacked against me, just watch. Watch me. Watch those working for us. Watch everybody in Huron. Watch Huron!"

Grasshoppers, hot winds, crop failures. Those words define a plague. Easy to say "Here comes a bad winter. Let's make it terrible!" That Huron's business community knows how to translate adversity as opportunity is at once a public distinction and a public service.

Theory vs. experience

AN associate received a cablegram that his young son, bicycling in England, had met with an accident. He immediately put in a telephone call to the hospital some 70 miles north of London. In two minutes, despite the static then prevailing over the Atlantic, he heard clearly the voice of the London operator. But for ten minutes he labored, well nigh unsuccessfully, trying to get an articulate response from the hospital 70 miles from London.

From his narrative of the incident, we feel sure that there will be no need of attempting to convince him that the private operation of telephones is much more efficient than their operation by the Post Office Department of Great Britain.



"PUTTING ALL THEIR BILLS IN ONE BASKET"

Saved the Day for the Harrigans

Bad luck fell on them in threes—hospital bill, Tom's overcoat stolen, Peg's mother needed help. That took all the savings—and a dozen or more bills and debts piled up besides.

Something had to be done—if possible. In another generation their only course would have been to humiliate themselves before friends or relatives, or to go to the old fashioned unprincipled money bootlegger.

But the Harrigans heard of the modern way of "putting all their bills in one basket" and getting a fresh start at Household Finance. What saves the day for the Harrigans and thousands of small income families annually is paying off *all* accumulated bills with a loan which can be paid back over a long period. This gives people a breathing spell—gives them a chance to work without worrying. Paying back a Household Finance Loan is not too great a strain on the family pocketbook because a monthly installment on the principal, plus the monthly rate on unpaid balance, is usually arranged to come within 10% of the monthly income. This leaves most of the monthly income free for current needs.

Household Finance goes further still in its constructive financial service to American families. Through its "Doctor of Family Finances" it strives to help, educate and encourage its customers to adopt scientific plans for home money management. With these plans thousands reduce living costs 10 to 20 per cent—enough to get them out of the rut permanently.

Free Booklet Explains How Low Salaried Families Make the Grade Financially

If you would like to know just how much Household Finance means to the "Harrigans" and the half million families we serve annually, use this coupon and send for free samples of the pamphlets we distribute to the public.

"DOCTOR OF FAMILY FINANCES"
c/o HOUSEHOLD FINANCE, Room 3052-J
919 N. Michigan Ave., Chicago, Ill.
Please mail me, free of any charge or obligation, sample copies of the Home Money Management booklets that you distribute to help families get a fresh start financially.

Name.....

Address.....

City..... State.....

**Camera sleuths
get the "low down" why-
MORE PEOPLE RIDE ON
GOOD YEAR G³
THAN ON ANY OTHER TIRE**

IF YOU want to know how good a tire is, you have to see how it stands up in the service of all kinds of drivers—on all types of roads.

You can see that in these action shots of Goodyear "G-3" All-Weathers. They are typical of thousands made by our "camera detectives" during recent months —film-recorded proof that "G-3" is giving American motorists far more mileage and safety than previous tires!

They picture plainer than words how "G-3" still

retains road-holding grip after delivering exceptional mileage — non-skid wear than even former Goodyears! They show even former the abuse of tire-eating commercial service — how its quick-stopping center-traction tread gives you a life-saving margin of safety... Those are the reasons why "G-3" outsells any other tire in the world. Millions have found it to be the greatest tire value ever offered for the money. Remember that, next time you buy tires!

TAXIS ARE HARD ON TIRES, BUT G-3'S ARE AVERAGING ABOUT 33,000 MILES ON OUR CABS—50% BETTER THAN ON OTHER TIRES!



3 reasons why your next tire should be a

G-3 ALL-WEATHER

1. **THE GOODYEAR MARGIN OF SAFETY** with tough, sure-gripping center-traction tread that gives 43% longer non-skid mileage than even former Goodyears.
2. **BLOWOUT PROTECTION** ...because of patented SUPER TWIST cord in every ply...more resilient, more enduring than any other cord.
3. **LOWEST COST PER MILE** service with greater safety in every mile — proved by the experience of millions.

NATION'S BUSINESS • A MAGAZINE FOR BUSINESS MEN

The First Order of Business

BAITING business is an old American custom. It has no closed season.

It has a sound and fury all its own. Whether it be articulated in crescendo or in diminuendo, it is trade and industry's Old Man of the Sea.

Today business is the country's No. 1 whipping boy, the butt of every demagogue who looks on mud as the nation's greatest national resource.

What the people are now witnessing is simply the new eruption of old antagonisms, the wider spread of fallacious doctrines which have festered beneath the economic surface throughout the lifetime of most men now living. Business is not suffering from the results of a new or transient political aberration, but from the cumulative perversities of human nature, from the readiness of the average man to look for a realistic "villain" to blame when things go wrong.

And since it is always possible to find some business leaders who are unscrupulous—some wealth which is "predatory"—some employers who are oppressive—it becomes simple to convict the whole business group before the thoughtless by exposing a few selected examples—especially when the voice of true American business is silent.

Hard as the lesson is to learn, the inflexible fact is that malice and mischief take no holidays. No matter whether business is good or bad by the rating of the ledger, it is continually subjected to microscopic scrutiny by political opportunists who are keen to turn its course to personal account.

Even in the glittering 'twenties, as well as through all leaner years, there lay buried, awaiting cultivation, the seeds of discontent and popu-

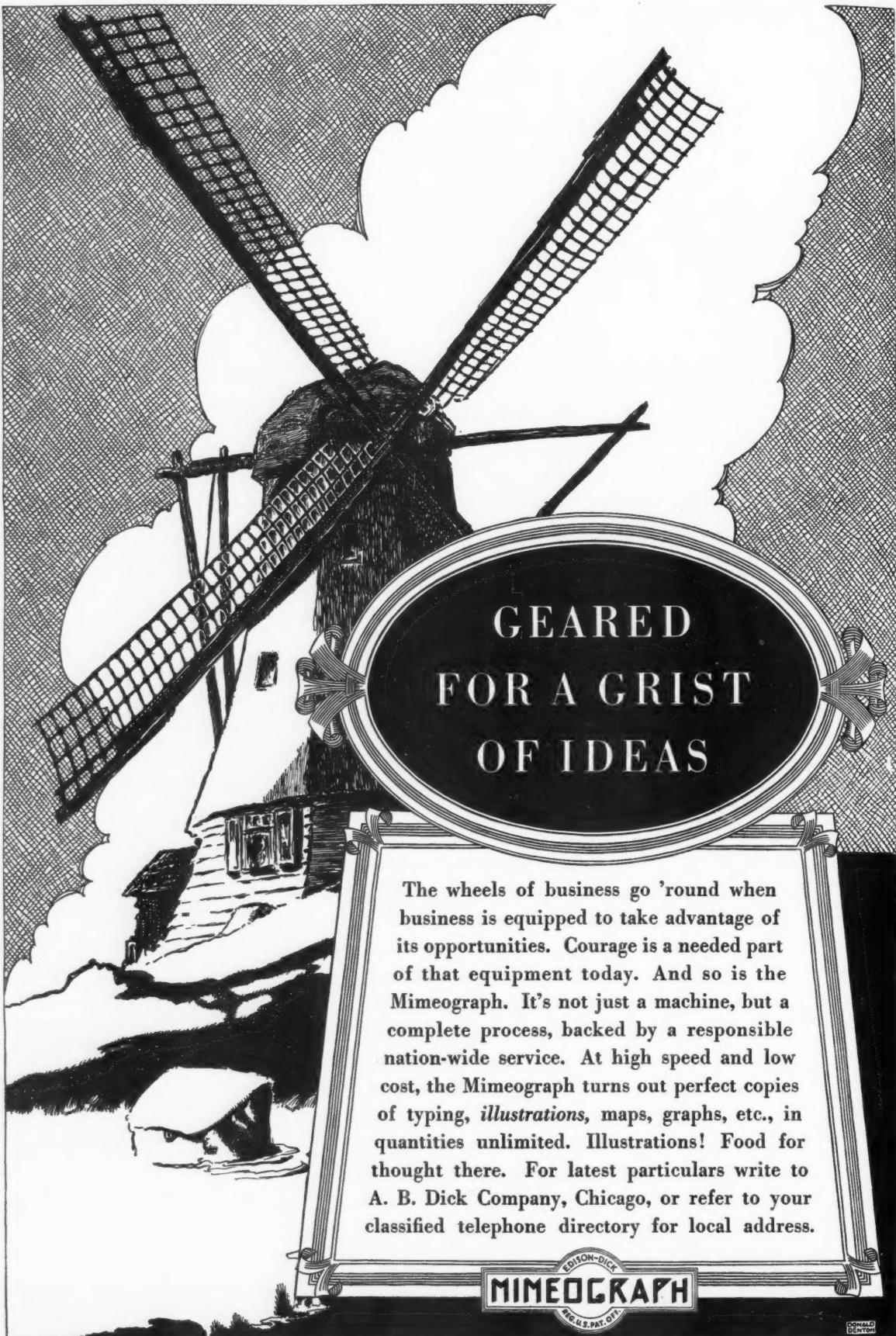
lar protest against economic realities which are flowering so threateningly today. What the people think about business is mostly what they are told to think by the critics of business, who are good flaw-pickers because they have nothing to do with its operation. The characteristic ways of business speak with no front page accents. It is no news when a business is capably run—when employee relations are amicable—when management is honest. Rarely do these facts make headlines. But as soon as a business fails—or there is a labor conflict—or a man in a position of responsibility violates his trust—the events become news by their very exception.

No man in touch with the times can doubt that there is in this country a fundamental misunderstanding of business, its functions, its philosophy, and its contributions—that it is unsafe to rely upon returning prosperity or political change wholly to correct that misunderstanding—and that the same misunderstanding will continue so long as business fails to speak in rebuttal, or is so preoccupied with its own activities and its day-to-day operations that it neglects to keep before the public a constructive interpretation of itself.

Business has a fascinating, an informative, a convincing story to tell. It will not do to let its serviceable texts be garbled by ignorant or unfriendly tongues.

Only business can tell the story of business. The unauthorized versions now going the rounds are at once a challenge and an opportunity.

Meredith Thompson



The wheels of business go 'round when business is equipped to take advantage of its opportunities. Courage is a needed part of that equipment today. And so is the Mimeograph. It's not just a machine, but a complete process, backed by a responsible nation-wide service. At high speed and low cost, the Mimeograph turns out perfect copies of typing, *illustrations*, maps, graphs, etc., in quantities unlimited. Illustrations! Food for thought there. For latest particulars write to A. B. Dick Company, Chicago, or refer to your classified telephone directory for local address.

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JOHN DENTON

Despots Are on the Retreat

BY ELON H. HOOKER

President, Hooker Electrochemical Company

CHANGES in our economic system have been physical and not moral. They have not changed our ideals of democracy and liberty

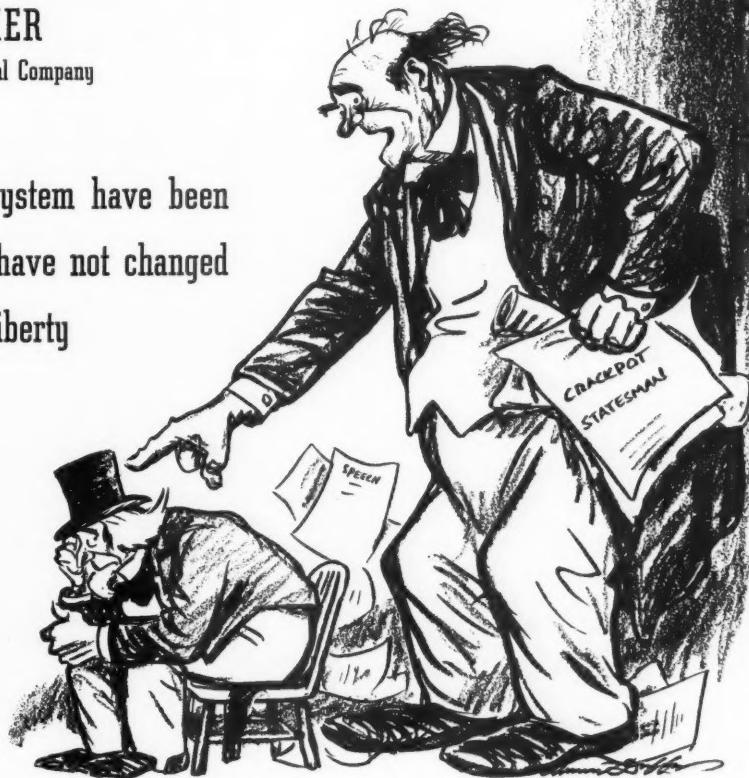
ATTEMPTS to operate commercial business by government are as old as recorded time and almost every century has produced, somewhere in the world, records of its failure.

Always failure.

In our time, 15 years of such collectivism in Russia have failed to produce any constructive ideas of moment to add to economic progress. The great plants built there by American methods and invention seem generally sinking backward into disrepair and obsolescence. It has taken 150 years to create industrial management and skilled labor here—of which these plants are the ripened fruit. It is not conceivable that a personnel can be created in a few years to keep such giant and complicated enterprises on an even keel—and in a few years they become deteriorated and useless like our own Muscle Shoals plants.

It is authoritatively stated that from five to ten million people starved to death in Russia in the winter of 1932 and from four to seven millions in the winter of 1933 after two successive Five Year plans had been in operation under "planned economy." In the three years including 1934 this is twice the loss of life in 16 nations in the four years of the Great War.

It is the old story—can history teach us nothing? Children say they must try everything once themselves, but we are no longer children—and



CARTOONS BY EDMUND DUFFY

The Government is inflicting a tyranny over economic forces that can produce nothing but chaos

the wages are death and blood and spiritual decadence.

A change in our population

UNTIL 1890 there had grown up in these United States a civilization to which all the best strains of foreign nations had contributed. This composite group had developed an ingenuity, inventiveness and leadership in industry and commerce for which the world had seen no parallel. The people were self-reliant; progress was based on individual initiative; relations between capital and labor were friendly; and labor was in general well paid in relation to the cost of living and the social demands of

the time. In the succeeding 20 years, nearly 20,000,000 foreign immigrants arrived in this country, approximating a quarter of our population, and largely from the most undesirable groups in Europe.

They settled in the populous centers instead of the country as theretofore and contributed little to artisanship and less to social responsibility as citizens. Agitation began to arise increasingly against labor conditions, against our form of government and against social environment far superior to any with which they were familiar at home.

From that time on we have had 45 years of increasing internal turmoil, despite which the rapid economic

progress of the previous period has continued under the added impulse of extraordinary scientific development and achievement. There has been a natural repercussion here from lack of vision and the Great War but it in no way compares to what has happened under other systems of government. The world has been facing unemployment, a restless, unsettled morale and a volatile and irresponsible public opinion.

In boom years and in depression alike this country has had a far higher material and, in some respects, cultural welfare than other nations.

Outstanding progress

THE achievements of the American system in total national production, in productivity *per capita*, in creation of wealth, and in increasingly broad distribution of that wealth are unparalleled. This has been accompanied by outstanding reductions in hours, increase in real wages and improvement in working conditions. The ancient problems of individual poverty and wealth have not been completely solved, but more progress has been made here in the past 150 years than humanity had made in 10,000 years before. This system holds the greatest promise of further advances and evolution works safely and sanely as it has in the decrease of child labor.

The profit motive has had a funda-

mental part in all this. The significant fact that 83 per cent of the national income goes to salary and wage earners as against the proven fallacy that two per cent of the people get 80 per cent of the income has been the result of our American system of private initiative. Before we scrap this we must be sure that we have something better to substitute for it.

The founders of this nation were men experienced in business, in diplomacy, in knowledge of the history of government. They knew that the best motivation comes from within; that men have been activated by the same basic traits for untold generations; and that they work harder for those they love than for those they do not know.

Washington, Franklin, Jefferson, Hamilton, Adams, Monroe and Madison were deeply involved in canal transportation, journalism, agriculture and banking, and developed a form of Constitution with its clarifying Bill of Rights which is flexible enough to cover, without violence, any changing conditions the passing years have brought. It carried loose control at the nation's capital and closer supervision at the state capitals to provide for local self-government—the only way to preserve liberty and happiness to a varied people under different geographical conditions. It provided Legislative, Executive and Judicial Departments with checks and balances—each in-

dependent yet interdependent. Liberty of the individual, with the minimum of government consistent with organized society, was the end to be sought.

John Fiske has pointed out that national government endures only when local government is energetic and active and that the Roman Empire fell because local government lost its vitality.

This framework now needs the assistance of an industrial stabilizer—a sort of gyroscope. Some of us believe the essence of America's problem is to level the extreme heights and depressions of inevitably recurring industrial cycles; that American industry provided with this implement could move safely forward with the minimum of governmental interference and serve outstandingly the interest of the common man.

Since October, 1933, all the New Deal legislation has been put into effect with no result in decreasing unemployment. This has varied between ten and nine and one-quarter millions ever since. (President Green of the Federation of Labor says 11,300,000 now.) Strikes have cost 18,000,000 man-hours per depression year as against 5,000,000 in the immediately preceding years. The \$8,000,000,000 surplus piled up by American corporations from 1922 to 1929 has been lost in these continuing years of depression.

How useful if some Gutzon Borglum could carve in imperishable stone on a majestic cliff near our political citadel a few economic Thou Shalt Not's—futilities which the ages and many lands have proven—as he has graven the heads of great Americans on the mountain top.

No middle course

THERE is no middle course between government in business and government out of business, any more than a nation can exist half slave and half free.

Any nation is inefficient in business. I will not dwell on our perennial post office deficits—the return of the railroads to private operation after the war in such inoperative condition that \$1,600,000,000 has failed to restore their efficiency. The present Administration is notoriously lacking



The feeling that security and happiness can be found in surrendering to the compulsion of the state is passing.

in business vision or effectiveness. One need go no further—to select at random—than the power program.

There are 400,000 developed and unsold horsepower free now on the Canadian side of the St. Lawrence. There are also 2,500,000 horsepower loose in New York State with no present market. Yet we have a movement to develop 800,000 more horsepower on the St. Lawrence.

which the Administration is operating is that of the Columbia River in Oregon. They already had 600,000 excess horsepower in that district, more than enough to care for the next 25 years. The President has recently started the Bonneville Dam, 40 miles above Portland, to generate 600,000 horsepower additional. They

all the citizens who voted in the last election.

There is scarcely anything in the gamut of capital expenditure which would employ a smaller number of men per \$1,000 than building dams. Building battleships to take out to sea and sink would be much better. They would use much steel and metal and do no harm to existing business afterwards.

John Maynard Keynes, the British economist, has urged "government spending until it hurts" upon England, but England is old and wise. She has "saved and taxed until it hurts" and now is smiling on the road to recovery. Keynes offered his plans to 40 leaders of American industry and won no converts, but unhappily has sold his ideas to inexperienced and adventurous Washington. We are carrying them out and artfully postponing the taxes. The national debt is nearing \$34,000,000,000 and the end is not in sight.

The gross public debt—federal, state, and local—has now reached about \$50,000,000,000—approximately one year's national income at present levels. It is equivalent to roughly one-fifth or one-sixth of our national wealth. The servicing of this debt requires more than 20 per cent of the revenue receipts of government from all sources.

We are already more heavily taxed *per capita* than the French or Germans and unless we stop the public works program we will soon be carrying a greater tax burden than the English after all their war losses. Since 1932 the United States has shown the slowest rate of recovery of any of the great nations except France, which has actually gone backwards.

The progress of Communism

IT is a significant fact that, in the three best known instances where Communism took possession of a country, a certain uniform procedure took place. Always impracticable so-called social laws were advocated. Their non-fulfillment brought about the overthrow of the governing body. In the instance of Russia, the Imperial Russian Government was overthrown; in the case of China, the Chinese Government fell; and in Austria, the Imperial Austrian Government was destroyed. In each instance they were succeeded by a socialistic state—Kerensky in Russia, Sun Yat Sen in China, and Karolyi in Hungary. In each case the Communistic state then developed, using the So-

(Continued on page 98)

They hedge the argument

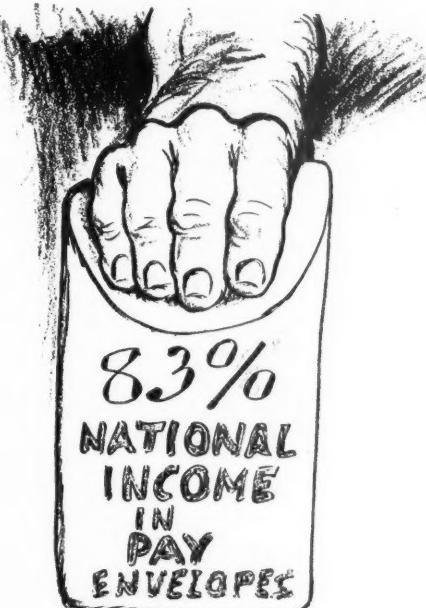
THERE is a curious psychology about this enterprise. When you criticize the power project, its proponents call attention to the overwhelming advantages of the St. Lawrence seaway, of which power is only a by-product. When one questions the economic value of the St. Lawrence seaway, they point out how necessary it is to develop St. Lawrence power to protect New England and New York from the power octopuses and the gangsters. As a matter of fact, nothing approaching economic justification can be found even for the two combined.

New York Power Commissioner Walsh contended at Washington that seven cents a bushel could be saved in transporting wheat from Duluth to Montreal, while experienced shippers on the Lakes were showing that at no time in three years had the total charges exceeded four and one-half cents a bushel.

Turning to the Tennessee Valley and Muscle Shoals, the Government built the \$51,000,000 Wilson Dam which, when finished, was worth just \$17,000,000, as everyone in the hydraulic field knew before it was built, and nobody would build it because it was not worth building. Some 100,000 horsepower were needed to run a new nitrogen plant for government use in the war. A competent board reported that Muscle Shoals was not the place for it. Nevertheless, the authorities at Washington built the Wilson Dam there, ostensibly to run the nitrogen plant which was to be finished in six months. They built the \$67,000,000 nitrogen plant there and forthwith had to build a 100,000 horsepower steam plant to run it because the dam would not be finished for ten years.

The Tennessee Valley Authority has thus far used \$110,000,000 of the taxpayers' money to finance its experiment in socialism. Its supporters predict a total of \$1,000,000,000. The nine major federal water power projects have already received \$400,000,000 in appropriations and require at least that much more.

The other great river basin in



will start selling that 25 to 50 years from now. The President is also building the Grand Coulee Dam above Portland to generate 800,000 more horsepower which cannot possibly be sold for 100 years. There is a limited demand for power and there are only 12,000,000 people on the whole Pacific Coast anyway.

The newspapers say that Grand Coulee will bring more than 1,000,000 acres of land into production and Secretary Wallace will explain how much he is spending to buy many million acres out of production.

It is difficult to be patient when one figures that the average man has to be taxed for these hundreds of millions of dollars wasted. His food cost has gone up 27 per cent, his clothing 21 per cent, his rent ten per cent, his butter 14 per cent, his bread 26 per cent, his tea 17 per cent, his eggs 61 per cent and his bacon 79 per cent—and yet he actually now pays more for government than he does for food. Many of those who never see a tax bill pay a large part of the total taxes in the cost of what they buy.

More than 22,000,000 people are receiving aid of some kind from the present Administration—one-half of

Dissecting

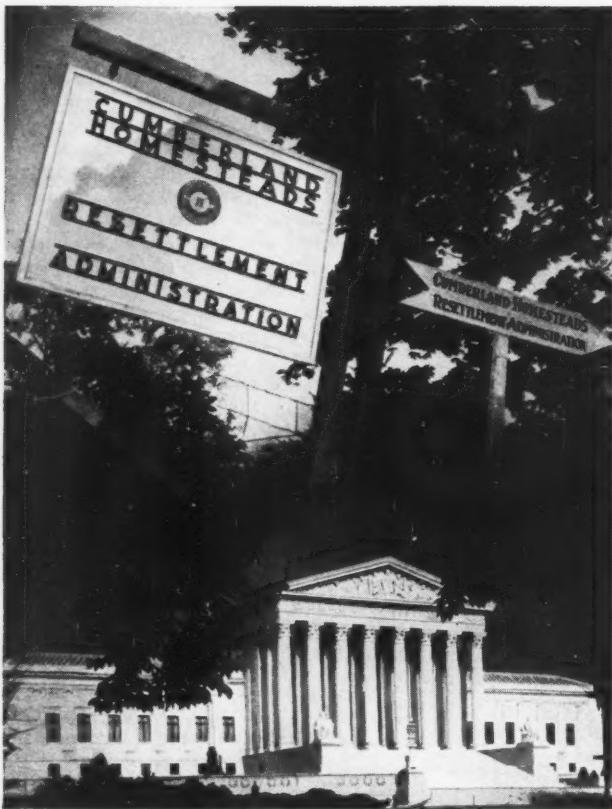


PHOTO ILLUSTRATIONS BY GEORGE LOHR

The mystery of a federal activity which was denied funds by Congress and declared unconstitutional

THE RESETTLEMENT ADMINISTRATION was conceived through the legerdemain of executive order. Its activities are so steeped in mystery that even Senators are rebuffed when seeking information. In a single year Dr. Rexford Guy Tugwell, director, has set up an administrative pay roll as expensive as that revealed in the last census for the entire pottery and porcelain industry, the rubber boot and shoe industry, the carpet and rug industry, the entire butter manufacturing or the druggists' preparations industry, and has spent more than a quarter billion dollars, the public scarcely realizing he even possessed the money until he announced it spent.

Not yet have many persons learned details. They know only vaguely that the huge sum was supposed to be allocated for transforming submarginal land into public assets, for "resetting" some folk to give them better opportunities, for making relief clients self-supporting by "rehabilitating" them.

Mystery in government invariably arouses suspicion. In the present case, one is tempted to wonder what is so repugnant about this ostensibly altruistic work that, in the closing days of Congress, an effort should be made to consign Dr. Tugwell's program to oblivion by withholding appropriations. And again the citizen wonders what about the activity is regarded as so essential that funds were found in relief appropriations, even though this meant antagonizing party leaders, projecting Dr. Tugwell into the political campaign, and avoiding a court decision that Resettlement is unconstitutional?

In a footnote on page 73 of his book, "The Indus-

IS THE Resettlement Administration merely an effort to help those who are unable to help themselves or is it an effort to do away with our present system of distribution?

trial Discipline," Dr. Tugwell says that "we have an exaggerated fear of invading individual rights." On page 84 he remarks that "our institutions are so built into our regard that we award them a loyalty they have not deserved."

Under the circumstances the taxpayer cannot be regarded as reactionary if he desires to scrutinize the Resettlement Administration, not to look again at the tons of official press releases which endlessly reiterate the acknowledged benefits of comfortable homes, of happy children, of ending poverty, but to delve into the principles on which the agency is founded; to investigate, not from a partisan viewpoint, but simply to exercise the citizen's right to ascertain what prompts Dr. Tugwell to consider expenditure of his tax payments a private matter.

As a newspaperman I investigated the Resettlement Administration for three months. I learned a lot. And—I hesitate to say this because it appears sensational and far-fetched—I learned that, if you probe deeply enough, you discover Dr. Tugwell engaged in a program which its sponsors and his advisers openly assert is designed to substitute for our existing economic-social-political structure a "Cooperative Democracy," devoid of private industry, with a new form of parliament, a new executive plan, a new set of courts.

The Government in business

TO the casual eye, Resettlement is a maze of unrelated activities; but boil off expensive projects which attract all attention to obvious waste and mistakes, boil off the regimentation which so blinds the rugged individualist with fury that he sees nothing else, and you find every activity coordinated to create the nucleus of a super-race saturated in socialism, its entire economic existence to be woven into a "cooperative system" whose purpose is to transfer the profits of private enterprises to com-

the Tugwell Experiment

BY CHARLES STEVENSON

peting businesses theoretically owned by the laborer-consumer but directed and financed by government.

Evidence is available, but first it is only fair to point out that, in a speech before the Conference on Population Studies in Relation to Social Planning three days after the President gave him his present task, Dr. Tugwell based the necessity for his uplift efforts on a decreasing birthrate among cultured urban persons. Impoverished, uncultured and unfit inhabitants of rural slums are producing the bulk of population replenishments, he said; boys and girls who are even more poorly equipped than their parents because of ever dwindling economic resources. To fail in raising their standards, he added, would find these "totally incapable" persons within three generations outnumbering sturdy citizens by 16 to one. The consequences would be dire, he pointed out.

To avoid them he is buying the areas which are reputedly so stripped of resources that they can produce only a debased race, and simultaneously handpicking the rural poor and establishing them in collectivized communities and on model farms. He is providing them with homes better than those of their taxpaying neighbors, surrounding them with government experts to teach them to sing, to paint, to appreciate art, the drama. Their schools are to be superior to those of the county systems. They are to have libraries—even country

To eliminate competition by driving private business to the wall is one of the aims of the cooperative movement

clubs. I found all of these at Cumberland Homesteads, a colony in mid-Tennessee. Plans for transferring more than 26,000 families to an improved environment already have been approved. Meantime, through his rehabilitation work, he admittedly is grooming more than 2,500,000 additional individuals for a similar existence.

No one can find fault with the ideals of beautiful homes, of a superior race, of eradicating poverty. In themselves they constitute a sacrosanct political plank. Everybody



wants a more abundant life. The only possible criticism would involve the means chosen for the accomplishment.

One might charge it is un-American to snuff out individualism for regimentation. However, resettled families admittedly have been selected for their "willingness to cooperate;" they have been so subsidized that, if by chance they do feel a loss of liberty, their knowledge that Uncle Sam is providing picture-book homes, employment, food, income, even relieving them of the necessity of thinking, appears to have a weightier appeal. Too, the Government has letters of appreciation from some of its rehabilitants who live managed lives in their own hovels while an attempt is made to reconstruct them into fit material for colonization. If all are not happier, they at least are helpless. They require money to exist. They have no property to mortgage, so the Government makes loans on their bodies. They are told what to grow on their farms. Even their recreation is managed.

A paternal dictatorship

IT IS inevitable that these activities tend to perpetuate bureaucracy and the party in power. Not only do they require an administrative army of nearly 20,000 New Dealers drawing about \$25,000,000 a year, but naturally, if clients are being molded physically, mentally and

economically by a paternal dictatorship, they also will vote the way they are molded. But Tugwellians reply that a man who is so unlucky or incapable that he cannot support himself requires some one to manage his life, that management is essential to give the Government at least a hope of recovering the funds it lends him, that if there are evils they are unavoidable.

So much for the moral issues which can be argued from two sides. When the critic looks at Resettlement from the standpoint of practicability he is on firmer ground. Indeed, during the first year of its existence, it cost Resettlement \$20,795,896 to administer the job of paying out \$79,110,967 for all enterprises; and all Dr. Tugwell can reply is that he is lowering his administrative costs and hopes eventually to fix them at ten per cent.

Expensive projects are countless. One for South Dakota is scheduled to cost \$20,584 per family although Harry L. Hopkins, as FERA administrator, started to build it for \$5,225. All Dr. Tugwell can reply is that this and similar projects are "mistakes."

Point out that Dr. Tugwell has designed projects of his own to cost \$11,440 per family in Indiana, \$11,137 in Arizona, \$10,945 in Missouri, and more than \$9,000 in Washington, Oklahoma, North Dakota and Texas, and the Professor only can explain that these are the "cream in the neck of the bottle," that other projects will be cheaper. Point out that most of them cost \$5,000 or more; ask how a man so unfortunate or ill-fated that he heretofore has existed most of his days in extreme poverty or on charity ever is to collect the \$1,500 to \$3,000 which the Government says he must earn annually to pay for his benefits, and the answer will be:

"Well, what difference does the cost make so long as we have arranged to find him the income?"

The taxpayer cooperates

WALTER E. PACKARD, acting director of Resettlement's rural resettlement division, gave me an answer to that effect. To follow it through lays bare the secret of the Administration—the program which sponsors declare looks to elimination of all private enterprise and the creation of a "Cooperative Democracy."

The idea behind the idea of Resettlement is that beneficiaries shall pay for their benefits through cooperative enterprises. Throughout the entire inner-state over which Rex Tugwell reigns as Tugwell, Rex, taxpayers' dollars are being showered to establish cooperative stores, cooperative marketing agencies, cooperative processing industries. Seven cents out of every rehabilitation dollar goes into some sort of cooperative enterprise. As soon as a colony is ready to function, funds sufficient for starting private concerns doing a nationwide business are impounded to create cooperative jobs.

At Cumberland Homesteads in Tennessee the cooperative fund is \$550,000 for 334 families; at Reedsdale, W. Va., \$327,754 for 165 fam-

(Continued on page 76)



No one can find fault with the ideals of rehabilitation.
The issue is how to attain them

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Washington and Your Business

BY IRA E. BENNETT

Editor 1909-1934

"The Washington Post"

Dear Mac: This talk of social security financed by taxes on business that is insecure—wouldn't it be grand if we could have business security as the basis of social security? When you ask me how the Government is affecting your business I hesitate—I am uncertain. Many things are threatened, some of them actually ordered by law—but in these times laws can be wiped out quickly. Not to mention the courts, look at the way Congress washed out the tobacco, cotton and potato control laws.

What the Government is doing is subject to quick reversal if the November verdict so orders. What it will do if the New Deal is approved is a secret locked in one man's mind.

The Government "touches" you in ways that you don't see, Mac. When you make an extra dollar, cut off a quarter for the Government. That's one certainty.

Government Ownership

AN example of roundabout government influence on your business: The Merchant Marine sounds a long way off to you out there in the Middle West. What are ships to you, or you to ships? Yet, if the new Maritime Commission has in mind government ownership and operation of all shipping, *and has authority to start that process* as preliminary to government ownership and operation of railroads and inland interstate shipping, you sit up and take notice.

Competent judges tell me that the new shipping law paves the way to government ownership and operation; that everything depends upon the Commission and pursuance of present tendency toward government in business. Nothing much can be done before November, of course. It's a threat only, just now—after that it may be a grim reality or fold up and follow other experiments into Never-Never land.

6,000,000 Little Dams

ANOTHER example of the Government touching you or not, as November will decide: The flood-control law contemplates staggering expenditures for "upstream" engineering works, and puts control of surveys in the hands of Secretary Wallace, who is regarded by admirers as the second most successful scatterer of public money in the country. Wait till every creek gets its little dam, and then try to calculate how Wallace's 6,000,000 little dams touch you in extra taxes.

Now there's a threat—and yet it may not materialize. It's only an act of Congress projecting itself into the future—and the November result may be a signal to Congress to quit the upstream dream.

What has gone over the dam can be figured on, roughly—say \$34,000,000,000 public debt, \$6,000,000,000 deficit, \$20,000,000,000 appropriated by the Seventy-fourth Con-

gress. What the Seventy-fifth Congress will appropriate depends upon what you and everybody else will do in selecting the Seventy-fifth.

Cost of Living

YOU'D expect the Government to do its best to hold down the cost of living. Trouble is that while one branch attempts this, another does something to make living more costly. Industrial Conference Board report for 25 industries shows that increasing cost of living more than offsets slightly rising wages, leaving wage earners worse off than if they got less and had to spend less. How much higher living costs are due to Wallace's program of scarcity and how much to drought is not known. Higher taxes to finance government experiments increase cost of living, of course.

There's talk of reducing tariff duties on corn and other necessities. If it's a real emergency, proclaimed by the President, he can suspend duties entirely. Farmers may kick if duties are reduced on stuff they have to sell, such as wheat. Opinion as to cattle seems to be divided. Don't forget that democratic senators voted to increase the duty on cattle in the Smoot-Hawley tariff. One of them was Senator Barkley of Kentucky, who said in his keynote speech at Philadelphia in June:

"Need I here recount the efforts of the great Secretary of State, Mr. Cordell Hull, to pry ajar the gates of foreign trade and start again the movement of international commerce and good will?"

Now if Mr. Hull should try to pry ajar the gates to let in Mexican cattle at lower duties, he might be jarred by senators like Mr. Barkley. "Local interests" raise the devil with unselfish international good-will movements. Stock men don't want competition from foreign cattle.

Summing it up, I'm told by well posted men that the Government can do little to check increasing cost of living. Producers stand to suffer as well as consumers, because producers are consumers.

Uncle Sam, Competitor

GOVERNMENT competition in business doesn't seem to be reducing the cost of living. Some communities are getting cheaper electric power from the Government, but the government plants are costly and the public pays the bill. The United States Chamber of Commerce is to renew and strengthen its fight against government competition in business. It will have a special committee dig into the subject and report. If you or your friends have specific cases, why don't you write in and tell about 'em?

This thing of Uncle Sam going into merchandising stirs up all sorts of trouble. Critics say it affects employment, increases cost of living through extra taxes, and discourages enterprise.

How far Uncle Sam is to go into business is another question for voters to consider in November.

Government Contracts

THE Walsh-Healy Act is still a tangle. It isn't likely to prove a new NRA, fixing hours and wages for all sorts of industries, but the next session of Congress may add additional restrictions. Contracts for construction aren't affected.

They are already on a wage and hour schedule as required by the Bacon-Davis Act.

What about the man who supplies locks and door-knobs for a government building? He isn't affected unless he's a direct contractor. Suppose the Government offers to buy more than \$10,000 worth of doorknobs. Is the man who fills the order affected? Not if the door-knobs are such "as may usually be bought in the open market," but a clear-cut "open market purchase" definition is still to be made by the Labor Department. If the doorknobs are made to order, the manufacturer is automatically subject to the 40-hour stipulations. He is also subject to the wage scale provisions if the Secretary of Labor so orders.

Gossip in Washington is that the Act may first of all hit some manufacturers who supply clothing and boots and shoes to the Army and Navy. Secretary Perkins has had her regulatory eye on them for a long while.

Everybody Scared

THEY tell me that the folk who give or sell advice are deviled by this Robinson-Patman Act. Questions like this from a cigar manufacturer:

"A smoker wants to buy 50 boxes to give to friends. A retailer wants one box. I give the retailer a special discount so that the buyer of 50 boxes pays more than the buyer of one. Is that barred under this new law?"

Another man wants to know if he can ask the same price of a chain store that he does of a wholesaler if they buy the same amount. Is a wholesaler who doesn't sell out of the state affected?

And so it goes. Questions are pouring in and every one is afraid to give a positive answer.

One of the best known of the agencies that keep folks in touch with Washington devoted a good deal of space to discussing Robinson-Patman and then offered a book on the subject at a special price to subscribers only. It was promptly asked if it were not violating the sections of the Act dealing with price discrimination.

Investigations and Reports

FEDERAL COMMUNICATIONS COMMISSION has \$400,000 to spend in investigating American Telephone, and of course the money must be spent. It goes where the original \$750,000 went—into hearings and statistics.

If American Telephone has been breaking the antitrust laws or offending otherwise, it's the duty of the Federal Trade Commission and the Department of Justice to set it right. But the Communications Commission must show some reason for its existence.

Federal Trade Commission is putting fancy touches on that ambitious report which Congress ordered it to make on agriculture—all about how agriculture is hard up, what ails it, and what medicine it needs. Congress added fruits and vegetables to the items to be dug into by the Commission. It would be too bad if the Commission dropped over to the Department of Agriculture and borrowed all the information it needed. No; it must duplicate the job. When Congress gets the report, which must be in by October 1, it can compare the figures with Agriculture's figures.

Securities Exchange Commission manages to keep stock-gamblers scared, even while the Commission itself fears a court decision which might knock the props from under it. Litigation testing the Commission's powers is approaching the Supreme Court.

Probably before the SEC goes through the judicial mill, the Wagner Act will be decided. National Labor Relations Board is half paralyzed by lower court decisions denying its authority. Injunctions cramp its style. The Wagner Act is based on the assumption that the

federal Government can regulate labor relations within states, which seems to run counter to decisions holding that the states have jurisdiction over these relations.

It's possible that the Supreme Court will pass on the Wagner Act and other important laws before the November election.

To Force Study of Bills

MORE certainty in the constitutionality of laws wouldn't seem to be coming under the head of "Washington and Your Business," but when you think of the waste of such unconstitutional laws as NRA and AAA you may see the point. You're paying taxes on dead horses, Mac.

A scheme is on foot to have the House of Representatives adopt a rule providing that, when a proportion of members have doubts as to the constitutionality of a proposed law, they can force reference of the bill to the Committee on the Judiciary for a study of its fundamental validity.

Of course, the committee couldn't guarantee validity of a law. But if even a slight study had been made of NRA and AAA, lawyers in Congress would have detected the conflict with the Constitution, and hundreds of millions of dollars could have been saved, directly and indirectly. Litigation over the processing taxes is likely to drag on for years—and litigation is costly.

Plans to Prevent War

ANOTHER subject that seems far from your business, but isn't, is the move to prevent war as now agitated by doctrinaires. A fight to put through additional neutrality legislation is looming for next winter. The idea is that ruthless business men create wars to make money. Seize munitions plants and shut off American commerce when war is on abroad, or threatened, and you keep America out of war. It sounds easy, but, when foreign aggression stirs America to defend itself, you can expect war, commerce or no commerce.

Too much legislation to throttle commerce might destroy businesses seemingly far distant from war—such a business as yours, for instance—but it wouldn't be a guarantee against war. Destruction of commerce is national suicide; and between suicide and war it might be better to choose war. Besides, when you're attacked, it isn't a matter of choice.

Dots and Dashes:

NEW American battleships will have steam instead of electric drive. . . . There are about 1,055,000,000 acres in American farms, with no more than 800,000,000 acres needed. . . . When a New Deal agency cuts down its clerical force another usually absorbs the workers. . . . Senator Byrd aims to report next winter a program for retrenchment in government agencies. . . . Bureaucrats mobilizing to oppose Byrd's program. . . . Stock exchanges hope to convince Securities Exchange Commission that brokers should be allowed to speculate on their own hook as an aid to liquidity of markets. . . . Low interest income on investments handicaps educational foundations. . . . Nineteen states are building this summer 565 miles of bituminous surfaced dirt roads reenforced with cotton fabric. . . . Women spend \$200,000,000 a year on cosmetics in this country. . . . Bombing planes are now as speedy as pursuit planes, so the latter hereafter must intercept bombers instead of chasing them. . . . Foreign gold produced for less than \$10 an ounce is sold to the U. S. for \$35 an ounce. Government of South Africa owns rich diamond fields but doesn't work 'em, so as to keep prices up. . . . Better cotton prices have checked tendency of cotton growers to raise peanuts.

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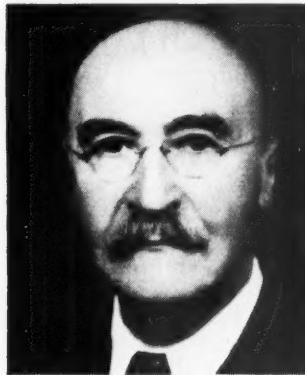
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Men Whose Names Make Business News



VACATION HELPER
Geo. A. Martin of Sherwin-Wil-
liams among first to announce pay
vacations for wage earners



SCOTCH HONORS
Dr. Leo H. Baekeland, discoverer of
bakelite, presented membership in
Royal Society of Edinburgh



STATESMAN-BANKER
Charles Francis Adams, former Sec-
retary of Navy, is new chairman,
State Street Trust Co., of Boston



AIR BRAKE CHIEFTAIN
George A. Blackmore, new chief of
Westinghouse Air Brake, announces
increase of 1,528 workers



MOST ASSETS
L. A. Lincoln heads Metropolitan
Insurance Co., which retains lead as
America's biggest corporation



MORE AUTOMOBILES
Byron C. Foy, DeSoto's president,
to build new \$5,000,000 plant with
output of 500 cars a day



BUYS TANKERS
Marine Supt. R. L. Hague of Stand-
ard Oil let contract for eight tank-
ers. Largest private order on record



WORKED TO TOP
F. D. Corley, former stock boy, be-
comes president of Marshall Field
& Co. With company since 1900



CEMENT MOVES
Blaine S. Smith leaves Pennsylva-
nia-Dixie to become head of Uni-
versal Atlas Cement Company

Agriculture's Jack of

BY H. H. SLAWSON

INDUSTRIAL America's perpetual hunger for new sources of inexpensive raw materials has led at last to the 5,000-year-old soybean. How far the interest in this intriguing Chinese plant has gone can be judged from the fact that, because they have a stable market, farmers of America last year raised 5,211,000 acres of soybeans. Government reports of "intentions to plant," that were made early this spring, indicated that a somewhat smaller acreage, 4,253,000, to be exact, would go into soybeans this year.

Through the accomplishments of one motor car manufacturer in utilizing soybeans for paints and plastics on his cars, the effort industry is making to aid agriculture through development of the new farm crop is rather well known.

But without meaning to belittle the automobile industry's help, it can be truthfully said that this effort is, as yet, but a drop in the bucket. Henry Ford, for instance, has made it known that only 61,500 acres of soybeans will meet his requirements in 1936. Meanwhile the dramatic development of this new tie-up between the farm and the factory has gone far beyond that.

A varied array of industries now look to the farm for the supplies of soybeans on which they have come to

INTRODUCING the versatile soybean with which you may either build automobiles or run them and in which many people see possibilities for farm relief without benefit of subsidy

rely to make their products a success. Alphabetically speaking, a partial list runs from the automobile industry through bakers, brewers, confectioners, druggists, dynamite manufacturers, food factories, furniture and foundry men, insecticide folks, millers, margarine makers, lubricant and linoleum concerns, lumbermen, paint people, printers, the rubber industry, soapworks, tanners, textile mills, varnish plants, waterproof wallpaper mills and so on.

Five years ago, soybean enthusiasts at the University of Illinois combed this country and Canada to compile a list of commercial products actually on the market in which the soybean was used. They gathered together about a hundred. Today that list numbers more than 300 and the ball seems just beginning to roll.



In Illinois, where more than 21,000,000 bushels of soybeans were produced last year, methods have been devised for speeding the job of getting the hay to the baler

EWING GALLOWAY

All Trades



Soybean cakes in storage in Manchukuo. The Far East has long known the possibilities of this crop and competes briskly with American producers

On July 1 a systematic research program to develop further industrial uses for soybeans started on the Illinois University campus. Backed by the resources of the federal Government and with 12 midwestern state agricultural colleges cooperating, an industrial research laboratory has been set up at Urbana. Here, in the heart of the northern soybean belt, this far-eastern alien is at last going to come into its own. The plan puts this country abreast of China and Russia where similar government-sponsored effort to boost the soybean has been under way for years.

A program for soybeans

DR. O. E. MAY of the Bureau of Chemistry and Soils has been placed in charge of the Urbana drive and he will have the help of Dr. W. J. Morse, government scientist, who has made the study of soybeans his life work.

Their program will have three objectives:

1. Improvement of present industrial uses and development of new industrial uses for soybeans.
2. More facts as to the effects of different processes on the quality and quantity of soybean products.
3. Facilities for testing different varieties as to adaptability for industrial use.



The first step in making auto parts is to feed the bean fibers into the rolls that mix them

The effort to "raise automobiles on farms" is worth a story in itself but, whichever way one turns, equally as romantic, although less well known, tales of the soybean's conquest of industry are beginning to come to light.

In one private laboratory, back in 1930, a research chemist who was studying uses for soybean flour had an idea the development of which has upset traditional methods in the

ancient industry of brewing beer.

The soybean had been successfully used in other types of fermentation and it occurred to the scientist that its peculiar chemical properties might contribute desirable body and foam quality to beer.

But six years ago the Volstead law was still in effect and there was little prospect of any considerable market for soybeans in the beer vats.

For three years, however, the chemist continued his efforts, his experiments and trials, much of it under the sponsorship and with the facilities of a midwestern soybean milling concern.

"The laboratory experiments conclusively proved," explained a representative of this pioneering concern, "that the soybean meal did possess the unique property of building foam—a fine, creamy, tenacious 'head' on the samples of beer brewed in the laboratory. The shortcomings of the meal were also revealed and steps were taken to control these."

"Further experiments, both in the laboratory and in breweries indicated the desirability of changing the form of use of the soybean from meal to flakes. The flakes avoided the practical difficulties encountered with the use of soybean meal or grits, such as incomplete action with the mash in the mashtun and a tendency to form

heavy masses in the tun, which interfered with the runoff."

Today soybean beer flakes are being made on a commercial scale in Chicago and from there they are pouring into many of the country's biggest breweries.

Out in the Pacific Northwest the construction of five new fir plywood factories this year has added another chapter to the saga of the soybean. The entire expansion is due to the fact that glue made from soybeans possesses superior water-resistant properties.

Wood glue from soybeans

THE five new factories have been added to the 18 already operating and, with one exception, all of these, together with several pine plywood factories in California and British Columbia, are daily utilizing tons of the new soybean glue.

It was the automobile industry which gave the initial impulse to this tremendous expansion in this field. The motor men had complained that the plywood they were getting was not sufficiently water-resistant, so the Pacific Coast Plywood Manufacturers Association staged a competitive contest to find a new glue. A newcomer, I. F. Laucks, Inc., of Seattle, submitted some soupy stuff which did not look like glue at all, but today this soybean glue—its formula is a trade secret—is the standard glue of the plywood industry.

It is spread annually on the half billion square feet of fir plywood now being sent to the Detroit motor mills, to the refrigerator factories, to the parlor car builders, the furniture folks, the laminated insulating board industry, the box makers and many others.

"The fir plywood industry probably could not have developed to its present extent without the help of soybean glue," Mr. Laucks told me. "Necessarily this product requires a water-resistant glue and the only suitable sources are animal casein and soybeans. It would not be possible to glue the present enormous volume with casein without raising its price so high it would seriously affect the price of plywood. This, of course, would cut down the quantity of fir plywood which could be sold."

Mr. Laucks finds several reasons for the success of the new glue. Foremost he places the cost. In addition, he points out, "soybeans can be grown as an annual crop and production can be increased as the demand grows. This is not true of casein or blood, which are by-products of other industries more or less fixed in their production.

"A third reason is the uniformity of soybeans as a glue

base. And a fourth is that soybeans are perhaps more 'foolproof' than the other water-resistant bases."

From the tall corn country comes another startling story of magic wrought with soybeans. Iowa's agricultural college campus at Ames has been the stage whereon Dr. O. R. Sweeney has wrought many wonders with farm wastes. His latest achievement, contrived with the help of eager assistants, is the production of gasoline from soybeans!

In the chemical engineering laboratories at Iowa State College soybean oil was cracked by heating it to 350° C. with animal charcoal as a catalyst. A pale yellow product with a disagreeable odor was produced. Distillation of this resulted in fractions with wide specific gravities and other physical characteristics of petroleum, while coke containing 71 per cent carbon remained behind.

The Iowa effort to create soybean petroleum had been preceded by that of a Japanese scientist, Satow, who had formed a calcium soap from the oil and destructively distilled that. Light oil, middle oil and heavy "petroleum" in varying proportions came out of the retorts. Forty gallons of soybean oil yielded about 25 gallons of the new product, together with 33 pounds of glycerine and 480 cubic feet of combustible gas.

The Iowa exploit with its intriguing possibilities for the future has not, as yet, passed beyond the stage of a Bachelor's thesis. From the Orient, however, comes the report that the Japanese have been making exhaustive tests of their farm-grown gasoline in automobiles and airplanes. And industry will await with interest the final judgment.

The paint industry was one of the first to make large use of soybeans. In Illinois, a farmers' organization, seeking a way to use up their soybeans, contrived a paint formula utilizing the soy oil and then began a vigorous sales campaign to justify their faith in it. Today one out of every ten farmers in that state has one or more

(Continued on page 94)



EWING GALLOWAY
Powdered soybean fibers fed into this press come out in the form of distributor terminal plates for automobiles

Auto parts grown on the farm.
Lower left is some soybean powder
which has not yet gone to the press

Your Taxes Will Be Higher

BY E. S. DUFFIELD



M. ARMSTRONG ROBERTS

**THAT is about the only definite information
that any one—inside the Government or out
—can give you about the new federal tax law**

I KNOW of a coal company in an eastern state that for a long time has been planning to erect a new plant. Money has been carefully saved in anticipation of the building, and last fall, when the accumulated funds were judged sufficient, construction was started.

Not enough money had been saved to pay for the \$800,000 plant, but yearly earnings were looked to for the rest of the money—and it was being earned. Two hundred miners' dwellings costing \$1,500 each were to be built out of current earnings, and the company, following its usual custom, was planning to rent the houses to employees at a cost which meant that the company lost on that part of its outlay.

Then Congress passed the Revenue Act of 1936.

That law raised the company's income taxes so sharply that, solely because of the additional taxes, each house, the company says, would cost \$1,875 instead of \$1,500. The houses cannot be built. At \$1,500 the company was going to lose money on them. At \$1,875, the loss would be prohibitive.

Because of the Revenue Act, the company and its employees are injured. Only the tax collector gains.

What the Revenue Act did to this company, it is doing throughout American industry. I know also of a ferry company with a volume of business and earnings which justifies the purchase of an additional ferry boat. When the captain of the line, who is

part owner, recommended the purchase to his board of directors, the banker on the board suggested that they first see what effect the new revenue law had on the company. They found their new taxes so high that, despite the demands of their business and the volume of their net earnings before taxes, the purchase must be postponed.

Obviously the Revenue Act has laid a retarding hand on these companies. Nine chances out of ten the new law will have a similar effect on your company. Whether it does depends on two questions:

Does the Act mean higher income taxes for your company?

If it does, where is the extra pound

of flesh to be carved from?

These two questions will jump out at you from your profit and loss statement at the end of the year even if they haven't started to haunt you already. They are vital but simple questions, and there should be simple answers to them, telling whether the law which Congress passed, literally sight unseen, has raised your taxes and, if it has, in what ways.

Unfortunately, however, the Revenue Act of 1936 is the law nobody knows. From the business man's point of view, the hitch is that he has to operate under it right here and now, and operating under a law which may come down like a sword, slicing off your head, is no fun. Provisions in the new tax law may change your rating at your bank, stunt the growth

of your company, tie your hands when your competitor's knife is at your throat, or foredoom you to the boneyard in the next depression.

Nevertheless, no \$10,000 tax expert—inside or outside the Government—can sit down today with a \$5,000 business man and answer all the business man's questions about the new law or how to operate under it. Government lawyers admit that, far from knowing all the answers, they can't even foresee all the questions.

This is by way of saying that, if you don't see how you're going to get your company through the maze of treacherous legal jargon known as the Revenue Act of 1936, don't lie awake nights thinking that some one,

if you could only find him, could solve all your problems. Just stick close to your lawyer and see that he sticks close to every scrap of information on the evolution of the new tax law. Meanwhile, let's see if simple answers can be given to the simple questions about if and how taxes have been increased.

First, does the Revenue Act of 1936 mean higher taxes for your company?

Yes, generally speaking. Because there is now, in addition to the "normal" corporation income tax, a graduated supertax on "undistributed earnings," the amount you have to pay the federal tax collector probably will be increased. The exact amount of your taxes and the increase or—in rare cases—the decrease com-

pared with taxes under previous laws will depend upon the percentage of net taxable income which your company fails to pay out either as dividends or in the discharge of some contractual claim on earnings which was incurred before May 1, 1936.

Suppose your corporation has a \$10,000 net income, you will find that the new law has increased the federal income taxes if the company wishes to retain as little as \$3,700 out of its \$10,000. Conversely, if it retains as "undistributed earnings" less than \$3,700, its federal income taxes will be lower than under the superseded Revenue Act of 1935. For the privilege of retaining all its net income, that is, all its net income minus income taxes, this corporation would be taxed 20.82 per cent, a jump of 61.4

per cent over the taxes due in the 1935 law.

A corporation with a \$50,000 net income will find its taxes increased if it retains no more than \$7,000 of that net income. If it should wish to retain all of its net, its tax would be 118 per cent higher than before.

"Undistributed earnings"

A CORPORATION with net income of \$100,000 or more will pay higher federal income taxes under the new law if it keeps as "undistributed earnings" \$8,600 out of the \$100,000. For keeping all its earnings, such a corporation would be taxed about 31.5 per cent, or more than double the rate in the 1935 law.

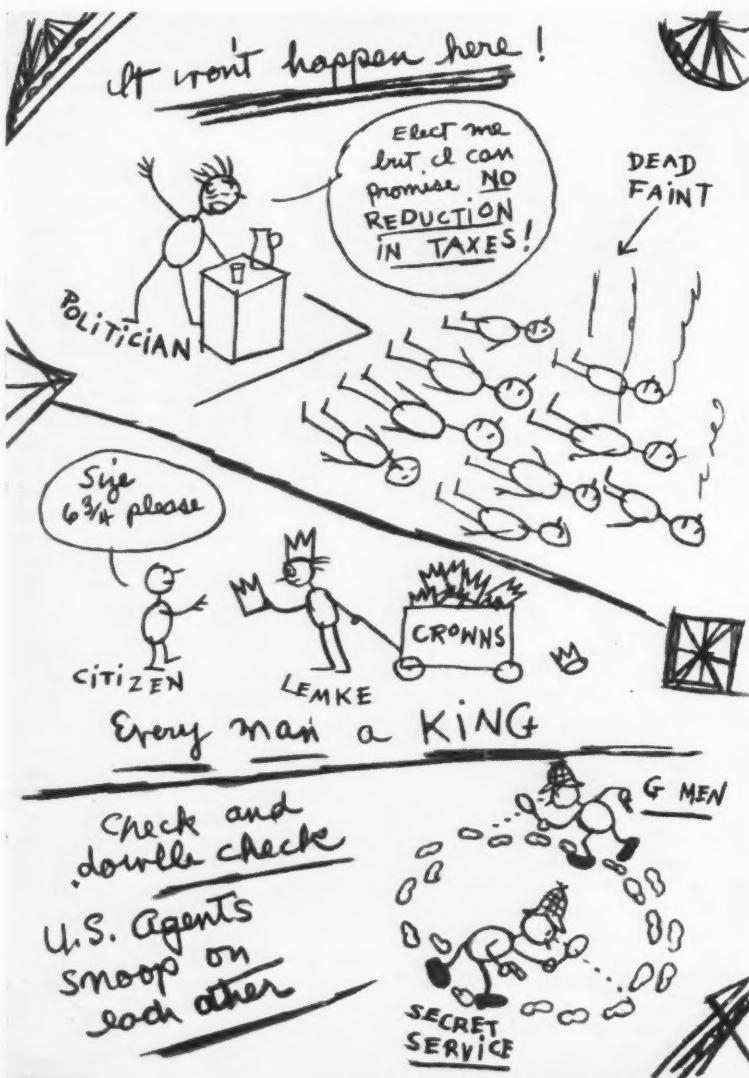
The key to your tax situation hereafter, in other words, is your "undistributed earnings." Just what that term means will be explained later. For the time being remember that the higher your "undistributed earnings" the higher your tax, and let's concentrate on the effect of the new tax rates and on the one loophole which Congress intentionally left.

Almost all corporation income taxes have been increased and some of them have been doubled. The corporation with a \$100,000 net income that does not want to keep at least \$8,600 of that \$100,000 for some purpose like new machinery, repairs, repayment of a bank loan, replenishing of working capital, or employee benefits will be a rarity. Since to keep \$8,600 out of a \$100,000 means higher taxes, it follows that the \$100,000 corporation which does not find its income taxes increased by the Revenue Act of 1936 will be a rarity. Corporations in the \$50,000 net income range are in the same boat since they can keep only \$7,000, or only about 14 per cent of their net, without incurring increased taxes.

Treasury experts testified that, on the average over a selected ten year period, American industry has retained about 30 per cent of its net earnings for some purpose like plant expansion or increased reserves. Obviously, therefore, the "average" corporation in the \$50,000 and higher brackets is in for a stiff jolt from the tax collector if it continues to retain this normal 30 per cent of net as "undistributed earnings." A corporation with a \$50,000 net which retains 30 per cent of earnings will find its federal income taxes 23 per cent higher under the new law than under the 1935 act. For a \$100,000 corporation, the increase in taxes will be 28 per cent, and for a corporation earning \$10,000,000 and retaining 30 per cent taxes will be up 31 per cent.

A great New Deal fuss was made
(Continued on page 84)

From a Business Man's Scratch Pad . . . No. 5



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Two pounds of the cheapest black bread costs one ruble; the lowest quality beef 3.28 rubles for two pounds

I Worked in Russia BY ANDREW SMITH

WHAT kind of a life does the working man lead in Soviet Russia? How does it feel to live in the land ruled by the Communists? Is it really a workers' paradise as the Communists claim?"

These are the questions which I am asked on every side.

Before I answer, let me explain why I am in a position to speak with full knowledge on these questions. I am a plain working man, formerly a coal miner and now a machinist. For 16 years I was an active and devoted member of the Communist Party of America. My wife, too, was an active party member. The Communist movement was the closest thing to our hearts. It was our religion.

In 1929 I went to the Soviet Union as a workers' delegate to the land about which we had heard such wonderful reports, the land which we looked upon as the Workers' Paradise. Like thousands of other tourists who visit Russia every year, I was conducted by expert Soviet guides to all the show places—factories, workers' homes, sanatoria, nurseries, mu-

seums. We were greeted by brass bands at the stations. We were wined and dined like princes. I listened with delight to countless speeches by clever propagandists and my pockets were filled with propaganda telling about the happy life of the Russian people and all that the Soviet Government is doing for them. I returned to America so enthusiastic that I decided to pack up my belongings and spend the rest of my life as a worker in the Soviet Union. My wife agreed fully with my plans.

We sailed in February, 1932, after I had donated all my life savings to the Communist party and its affiliated organizations—nearly \$5,000 altogether. I was told that I would have no more use for money in the Soviet Union, that my wife and I

would be cared for all the rest of our lives and I believed what I was told.

For three years I worked as a machinist in the Elektrozavod electrical equipment factory in Moscow in close daily touch with the Russian workers. As part of a workers' delegation I traveled for thousands of miles along the Volga River to Syzran, Volsko, Saratov, Dobrinka, Stalingrad, Astrakhan, Engels and Gorky talking to workers and peasants on my way. As a member of the Communist Party I attended important secret meetings from which all non-Communists are barred. My information, therefore, comes from the inside as a result of intimate first-hand experience.

When I left the Soviet Union last year after seeing with my own eyes

the conditions under which the Russian people are compelled to live and toil, I swore that I would never rest until I had revealed to every one what is really going on in the huge slave pen which Russia actually is today. I felt that I owed this as a sacred duty to the oppressed Russian workers and peasants whose sufferings I had witnessed. Furthermore, I felt it my duty to my fellow workers in America to tell the unvarnished truth about conditions in the widely advertised Communist paradise, so that they might not be deceived by Communist propagandists who live in comfort in the United States while the workers starve in the Communist Utopia about which they talk so much.

An investigation?

TO those who will charge that these are purely my own personal impressions, let me say that nothing would be of greater service to the Russian people, to the American people and to humanity at large, than a thorough investigation of conditions in Soviet Russia by a competent commission selected by Congress, the United States Labor Department, the press, the church or the American Federation of Labor.

If Russia is really a Utopia as the Communists claim, then certainly the Communists would have everything to gain by such an investigation and should therefore welcome it. If, on the other hand, Russia is as I have described it—the most gigantic and tragic fake in all history—then the sooner the world knows the truth, the better for all concerned.

The moment I arrived at the Russian border at Belo Ostrov in 1932, I saw that the real Russia was not as it had been pictured to me. There were no brass bands and no speakers this time. All we saw were some emaciated peasants.

We hastened to the restaurant near the railroad station. A terrible stench greeted us as we entered. We were told that nothing but fish soup was to be had. The smell which arose from this soup was indescribable. They had cooked the entire fish, entrails and all. There were no vegetables. We were given a piece of black, sour bread which tasted like clay. In the United States a worker on relief would spurn such food. Yet this was the food served to us as a special favor because we were foreigners.



At union and shop meetings the workers must raise their hands of the Communist officials. Disagreement means loss of the job,

The stuff turned our stomachs so that we could not eat it. As we turned to leave a swarm of ragged men, women and children rushed to the table and gulped down greedily what we had left behind. It was evidently a feast for them.

Sometime after I got a job at the Elektrozavod factory, I visited the home of one of the workers in the Cherkisovo Barracks. These barracks were never shown to foreign tourists. I did not live there because I was in a special privileged class as a foreign specialist and a Communist. I lived in an apartment. But the great majority of the 11,000 Elektrozavod workers lived in such barracks.

It was a wooden structure about 800 feet long and about 15 feet wide. Here lived more than 500 men and women with no partitions or privacy of any kind. Some slept on mattresses filled with straw or dried leaves. There were no pillows or blankets. Coats and other garments were used

for covering. Some had no beds and slept on the floor or in wooden boxes. In some cases the beds were used by one shift during the day and by another at night. There were no closets or wardrobes, because each one owned only the clothing on his back.

No place like home!

IN the center aisle, which was about three feet wide, there was a row of kerosene stoves, the only source of heat during the bitter cold Russian winters. On these stoves men and women were boiling water, which they drank without milk or sugar, while they munched a piece of sour black bread.

The stench of the unwashed bodies and the kerosene was unbearable. The only washing facility was a pump outside. I could feel the bedbugs and lice crawling over me. There was no sound of song or laughter. It was the dreariest place I had



U. S. S. R. IN CONSTRUCTION

in agreement with the mandates
possibly mysterious disappearance

ever seen and I have lived in some pretty tough mining camps in my day.

The great majority of the Moscow workers earn on an average from 100 to 150 rubles a month. This amounts to about \$3 to \$5 in American money. Many workers, especially the women, earn far less, sometimes as little as 60 rubles or \$2.00 a month. Outside of Moscow, the wages are much lower. Figure out what you can buy with these wages when two pounds of the cheapest black bread costs one ruble; the lowest quality beef 3.28 rubles for two pounds; margarine, 7.75 rubles for two pounds; a cake of soap, 3.70 rubles, about a day's pay, and the cheapest pair of shoes, 55 rubles, about a half month's pay.

But the Russian workers do not even receive these miserable wages in full. From every pay envelope, even from those on the lowest scale, the Government deducts so-called "voluntary" taxes: ten per cent for the state loan, a two per cent minimum for the in-

come tax, two per cent for the school tax and one per cent for union dues. Workers are compelled under pain of losing their jobs to support the following "voluntary" organizations: the Soviet press, Village Aid, Good Roads Fund, Fund for the Development of Aviation and Chemical Warfare, First Aid (like our Red Cross), Free Thinkers (anti-religious) society, the International Labor Defense, the International Workers Aid, sports organizations, the Komsomols (Communist Youth) and many others.

While, according to the collective agreement and as advertised to the outside world, the working day is seven hours, actually it is much more. Workers are compelled to do so-called

"voluntary" labor, "subotniks" they are called. Let any one dare to refuse! The actual working day is really from 14 to 16 hours without extra pay for overtime. Some workers on the lowest scales work on two shifts trying to make ends meet. Besides this, every worker is compelled to "volunteer" from time to time to spend his day off working on one of the collective farms to increase the Soviet food supply, or to work on some project like the Moscow railway, which was built almost entirely by this kind of forced, unpaid labor.

The speed-up was so bad in my factory and the management so inefficient, that at least one worker in every three showed signs of some injury due to an accident at his work. The spoilage and waste were enormous.

The pension is negligible

I FOUND out that the old age pension amounts to 17 rubles a month, about 60 cents. This is so pitifully small that the majority of the old folk are compelled to work.

You will ask why the Russian workers do not demand better conditions. Under the Soviet system this is impossible. Liberty, free speech, freedom of the press and assembly, as we know it in America, are unknown in Soviet Russia. The labor unions, which are supported by the workers' funds, are simply the cat's-paws of the Communist Party bureaucracy for increased production and the speed-up. At union and shop meetings the workers must raise their hands in agreement with the mandates of the Communist officials. Disagreement means the loss of a job. Once you are fired from a Soviet factory, you cannot obtain a job anywhere else because the Government owns all the factories and industries. Workers who dare to disagree or protest disappear mysteriously overnight. They are sent to concentration camps.

The Government controls the press and the radio. In the so-called elections, there is only one candidate for each office, the candidate of the Communist party. There is no opposition.

It is my opinion that the new constitution now under discussion is just a sham to counteract foreign criticism. Stalin and his clique will remain in power with a little different window dressing.

One day I visited George Knotek at the Sokolniki Hospital. He was a young draftsman from Chicago who sailed to Russia with us. He was ill with typhus fever contracted in a sulphur mine at Kokand, which had formerly been worked by convict

(Continued on page 90)



The Soviet magazine printing this photo says children like this are rehabilitated, the author disagrees



Young people have been told silly things about the world owing them a living and some are waiting for it to be delivered

PHOTO BY BUCHER FROM NESMITH

Dear Dad:

WELL, I got myself a job. It took a little hustling, but I got it. Maybe my football shoulders and my family red hair helped. I am deckhand on a ship—one of yours. No one knows that I am related to the "Old Man," and no one will know. There will be no tale-bearing, but when I see indications that you may have forgotten your own first dollars and your early hard knocks I'll call things to your attention. I know your heart is right, but how can your men know it also? And one of these days you may want me to run these ships. I'll know the game then first hand. One thing I'm going to do is to blow myself to a bucket with a mangle on it. I am damn tired of having to squeeze out a mop with my fingers. What about having that labor saving device on your ships? Did you ever think of that?

My quarters are good. I share a

cabin with another man, and it even has an electric fan. There is a shower next door. The food is unexpectedly good—much better than the college average and more of it. One eats a lot at meals and between. I wash my own clothes reasonably well.

Life on board is simple. Six hours on, six off. It comes hard to be wakened for my watch at a quarter to midnight, but ten minutes later I have some coffee, feel better and pitch in. I mop the floors, polish brass, clean woodwork, chip rust, wash dishes. By 3:00 a.m. I'm caught up and from then until 6:00 a.m. the deck crew gathers in the wheelhouse. The crew is tough but likable and the lads on my watch are fine. The Mate is in charge and he is a young fellow and a prince.

The crew speaks some rare varieties of English. The chief engineer has a rich Swedish brogue. There are three cases of advanced Brooklynes. The Norwegian oiler is well-informed

Youth

on Scandinavian politics and the co-operative movement. The Scotch oiler, out of "Glesga," gives himself away as far as you can hear him, and the cook uses mostly Polish. The Captain and the Mate speak good American and so do some of the others.

Every one talks politics. There are a couple of ardent Townsendites, a Communist, and the little Scotchman is at least liberal. The native-borns are potential Nazis. Most of the boys read the Hearst papers, partly because they are anti-Japanese and partly because they carry an extra mess of comics. They all buy pulp magazines—cowboys, gangsters, movie stars. They confuse Communism, Socialism and Anarchy. I don't argue. Most of them talk readily on sex and how much better they could run this ship than its owners do. Most of them are good company ashore and decently intelligent.

Please send me my white shoes. The crew is a dressier gang than you might think. After all, an unmarried man with his board and lodging free and real cash at every call in the home port can afford to spend a good deal on clothes. Dreamland Park is the favorite diversion and every city seems to have its Dreamland swimming pool. It isn't a bad life at all.

Some things puzzle me. You know, we used to have half-kidding arguments about whether a college education is worth while. You won, and I got it. I hope I have some brains and some sympathies. I know history. I get a tremendous kick out of the things I see on the long stretches between Chicago and the Atlantic. It was only a little while ago—as the world measures time—when instead of the modern towns on the shores were the skin tepees of the Indians. In place of ships like this one, there were a few bark canoes. We must be an adventurous and enterprising people to have made such progress.

Then I get a kick-back.

We call for cargo at some water-side and here's what we find: swamp, mosquitoes, fertilizer plants, stenches, mud and beer joints. It is "the other end of town" and certainly some awful slums. It is terrible and sordid. It

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Movement—Old Style

THE man who wrote the letter, "With Love, from Dad," in our June number, and his son who received it, exchange further correspondence

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is the foreign labor—Polish, Italian, Hunky—that gets the dirty end of the stick. These people seem to have half the income and double the children of the "American standard of living." It seems to me our traditional American individualism should be able to produce a better pattern. The contrast between these people and the marcelled girls and slick-haired boys of the Sunday supplements makes one wonder. Isn't there

a way to even things up better? I have been trying to find the answer, Dad, and I've failed. Do you know it?

As usual,
Your Son

My Dear Son:

WELL, you did surprise me. There must be life in the young dog if he can walk out and get a job without

asking help of any one. A few years ago I would not have said that. It was the normal thing then for a young man to find a job. No one then preached the doctrines of despair we hear nowadays. If I had then heard a man shouting that America was through and that young men would go to their graves without a chance to work I would have laughed at him. Not long, though. He would not have been worth more than a chuckle.

I am glad you are on a ship, too. The finest places to study humanity are ships and shops. The men in them are the same men who manage banks and stores and railroads, only dressed a little differently and speaking a different patois. You have probably learned all that you can from books



NESMITH

at this time—book l'arnin' always requires a period of digestion—and what time you are not polishing brass you can observe and reflect. You won't be a deckhand long if you put to work what you have, plus the common sense you inherited from your mother.

A period of training

THESE are really training days for you. One job leads to another, you know, and your future may be shaped by what you do today and tomorrow. Remember to estimate the possibilities of your work and to appraise its future. Some people are just moved along by outside pressure and others move themselves.

Your letter suggests certain practical comments. You have found first hand that, as a worker, you have good food and decent quarters. My observation is that this is the rule and not the exception. You have found that the men with whom you work are intelligent, industrious and likable. That, too, is the general rule. Most of the men who have made outstanding successes in America had the advantage of the same kind of training you are getting now. There are men, of course, who have been able to hold on and add to the power and fortune they inherited, but the men who have made places for themselves began their life work with their hands.

I will not attempt to list them, but some names come readily to mind. There are the Schenck brothers, perhaps the most powerful individuals in the movies today, who began life as errand boys. Fresh from a Russian village, they could not speak a word of English. Every one knows Henry Ford's story. His equipment consisted of a monkey wrench and a file and, in half a lifetime, he not only created what is perhaps the world's largest fortune, but changed the current of his times. Walter Chrysler was an overalled engineer.

That little group of oil-stained boys tinkering with a second hand truck may be a new Studebaker family laying the foundation for transport of dependability and genius.

The smoke you saw curling from the chimney of an old farmhouse along the waterways to the coast may signal another Candler experimenting with an old coffee pot to produce a new Coca-Cola which will add another "pause that refreshes" to our national day.

Heinz peddled his better horse radish from door to door and now 57 varieties of the Heinz products are on the American table. Wanamaker and Gimbel sold pins and needles and shoe laces and the department store on the American plan was born. The

story runs through Borden's milk, Waterman's pens, Pin Money pickles, Hires' root beer, Welch's grape juice, Swift's dressed meats, Penney's stores, and a thousand others.

That school girl may be a new Meloney or a Gertrude Lane or another Adelaide Neall, whose brains will store such editorial knowledge and judgment that magazines will pay them salaries which dwarf those paid to the heads of the states. The boys and girls on the streets—some of them certainly—are tomorrow's Garbos and Gables and Crosbys. Among them are the coming orchestra leaders and radio stars, and novelists and artists. America's story is that of fortune and fame, the free tribute of a free market to those who do something better than the average. They cannot be held down by any efforts at standardization or regimenting or repression. No artificial bonds will hold them in this free country.

If they have the stuff they will find the market for it.

I can hear you say:

"But, Dad, things are not the same as when you were a kid. Those chances are not to be found today—"

Better chances

PHOOEY, my son — phooey! The chances are better today. The market is larger. More people have more buying power, more knowledge, more wants, more things to do, more things to make, more places to go, more leisure to acquire, more games to play, than ever before. There is a law of increasing returns as well as of diminishing returns. The more people want of securities and conveniences and luxuries the more they will get. Every one of our major activities today—the telephone and the radio and the automobile and housing and printing and chemistry—to name only a few, keeps a staff of researchers to discover improvements for tomorrow. The leaders know the market will be waiting for them. How can you doubt that the future will hold greater prizes than the past? With limitless human aspirations, who can say that work will not be found for all who can work—and will?

I hope you already sense the glamour and romance of life's adventure. I am using the word "romance" discreetly. Romance has come to mean he-and-she stuff to us—and it is—but it is more than that. It is sad that colleges teach economics as the "sad science." It should comprise all the tradition and history of the race, its adventures and tragedies and triumphs. It should dramatize the slow climb of man from hazardous savagery to orderly living.

It should interpret in human terms the ships and docks and furnaces and mills, which are the threads of the tremendous web of modern industry. The dry-as-dust economist only sees the weak spots in the fabric and knots in the thread and would correct these defects by the use of a bureaucratic needle driven by a heavy governmental hand. The man who sees—the romantic business man, if you wish to put it that way—knows that the world owes its advances to the quick flashes of individual genius and the plodding march of research. He sees yesterday's luxuries as today's commonplaces. (Government does not do things like that.) He sees the pioneers of trade and science extend our horizons, space more widely misfortune and illness, extend our span of life, open new doors to opportunity, while the talkers stand to the side and scold.

In the final analysis, every triumph over disease and death, every art that raises men's aspirations, every grace and refinement have flowered from the earnings of trade and industry.

Through the whole science of human living runs one basic economic truth. That is that human welfare rises always with the volume of trade. Whether in the markets at home or in the trade currents of the world, observation and common sense declare that wages, savings, earnings, and the things that these make possible—health, comfort, convenience and security—spread themselves inevitably into more and more homes when the volume of production and the exchange of goods rises.

When you grasp this fundamental truth, doesn't it give you a new respect for the activities of the business world? Doesn't it explain why business men have resented the disparagement and aspersions of the past few years? Isn't it something of an achievement that in a world disorganized by war, nationalistic blindness, revolutions, dictatorships and the natural problems of labor saving devices and of the social effect of millions of women taken from the home and poured into industry, that in America 45,000,000 workers have been kept at work, parallel with the problem of five to ten million unemployed?

Isn't that romance as well as economics?

In these recent years, six million young people like yourself have matured in this country without the knowledge of a normal America and its opportunities. Some of them have been spoiled in the process, beyond doubt. They have been pitied and believed the pity, and they have been coddled and softened under it. They have been told silly things about the

world owing them a living and are content to sit down and wait for the world to deliver it at their doors. Some of them have been warped and hardened. The probabilities are that, if the windbags could be deflated permanently, no great harm has been done most of the six millions.

It took me some years to settle down to hard work Son. My father used to look at me as though I were something he had found under a flat stone. You are making a better showing than I did at your age.

I can look back and see that, in those early years, I was laying up capital—and sometimes losing it—as truly as though I had money in the bank. Dollar capital is always timid. A dollar once lost is hard to find again. There are always hazards. Great care must be exercised when it is ventured.

The Phoenician sea-peddlers would have been frowned on by the SEC of their day. They probably did not sell any common stock at all. Their enterprise was too risky. Likely, a group of tough old gamblers made up a pot and sent out the first ships as a flier. The conservative bankers and merchants must have frowned on them.

Dollar capital is that same way today. Most of it would run from a mouse—which fact keeps the underlying structure safe—and only a little of it will take a chance.

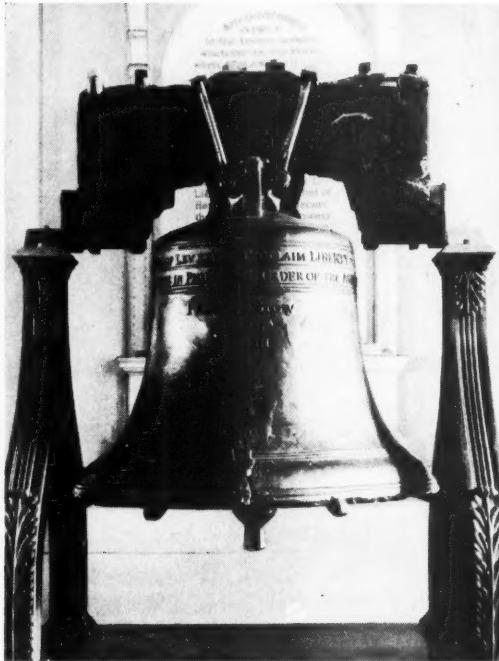
But you are winning or losing on your capital every day. If you do not get along with your mates you are a loser. If you loaf when you should work you lose some proportion of your capital. If your deck officers find you are to be trusted you have put capital in the bank. If you dodge a dangerous or unpleasant job you impair your capital terribly. You are beginning business with whatever technical equipment college could give you, but from now on it is up to you. Rest assured that everything you learn, every little bit you add to your capital, will come in play one of these days. America will offer you plenty of chances. If you are above the average you will take some of them. If you whittle your capital away, you may be of deckhand quality all your life.

Your comment on politics is interesting. You have matured in a political year. The applesauce in the pot is boiling hard. But remember to give thanks that here in America you can talk politics without going to a concentration camp or the pine forests.

If you are in opposition to authority you are merely in opposition—not a rebel or a traitor. You probably have lively times in the wheelhouse during your hours off watch, which is more than you would have with your mates in Italy or Germany or Poland, or Russia, or half of Europe today. As long as men may freely exchange experiences and ideas, argue and dispute, read what they choose and listen to what they like, we can find the ultimate right answer to the questions that perplex us. That freedom of speech has been America's shield against the machine gun fury of which we read in Europe.

The slums are made better

THE vital point of your letter is your resentment of conditions prevailing in the waterside slums. You imply a doubt as to whether America's traditional individualism has advanced and protected the individual. Millions of our new youth ask that and they have a right to an answer. I'll do my best to respond:



As long as men are free to speak their minds they will find answers to their problems

tilizer plants must be maintained somewhere. The earth needs their product. They are always malodorous, but they are better placed where they are than on Park Avenue.

But you have never met the old world conditions which formed the residents of these places. The girls over in Europe carry hods, coal steamers, pull at plows like oxen. The peasantry live in sties.

Did it occur to you that the unpainted houses and neglected yards in these slums represent a distinct advance to these people? Did it occur to you to check up on the second hand autos there? They rattle but they get the families out into the country and away from the stench on Sunday.

Didn't you see some pretty girls, dressed in a good imitation of Broadway, trip down those muddy lanes toward the ferry? Do you think their mothers ever carried compacts or wore silk stockings? They probably do bear more children in these slums than in the American villages. More of them live than if they had been born in Europe, too.

The older people in these areas would not be happy on Park Avenue. But their sons and daughters may be. If you use your college training aright you will not be misled by surface indications. These people are better off today than their cousins in the Old Country. They are better off here than they were a few years ago. We may progress slowly, but at least we always progress. And not in the direction of the barricade and the salt mine, but toward decency and toleration and happiness. Ask yourself what the thing some folk sneer at as "rugged individualism" has done in providing hospitals and colleges and railways and airways and security. Then ask whether any other country has done as much.

The important thing is that brains and thrift and industry shall be stimulated by the knowledge that we have here an open chance for all, and protection for every man in the status to which he attains.

That is why I feel so strongly that government should not venture into the field of private activity. Its competition may undermine or destroy the confident individual effort which in its aggregate is responsible for our progress. No government bureau anywhere has yet been able to manage a great activity as well as the men who own it. Every government

(Continued on page 83)

Shippers Scan New Truck Rates

BY RALPH L. WOODS

Industrial Traffic Analyst

A NEW era in transportation began on April 1 when motor vehicles engaged in interstate commerce were obliged to file schedules of their rates and services with the Interstate Commerce Commission. Theorists may cast calm eyes on the situation and grope for profound conclusions. But business men must omit philosophical ruminations and look sharply at the new set-up as it relates to their products, markets, packing, and their handling and transportation costs.

Indeed they must determine not only its direct effect upon their business, but also how it will affect their competitors. If they do not do this quickly and thoroughly, money-saving and business-garnering opportunities will be lost; even disaster, in some instances, may be the price of neglect.

The first result of this regulatory régime for motor trucks is that stability and a kind of legal recognition have been thrust upon a branch of transportation that somehow seems to have thrived in spite of chaotic conditions.

Gone are the days when motor truck rates were as variable as boom time stock quotations. Gone, too, is the unhealthy practice of allowing shippers to fix the rates; or of quoting any rate so long as it was lower than competing truckers and railroads; and so long as it got the business, even if at a loss.

Before these regulations became effective, truck rates were obtained over the telephone, by letter, or by reference to a printed schedule if one was obtainable and rates therein satisfactory. The shipper never knew what trucking rates his competitors were paying. He could not be sure that the trucking rates he was paying were above, below, or parallel with the usual charges for such transportation. Moreover, he had no assurance that the truck rate he paid on Monday would be protected on Friday. It all depended upon how badly the trucker needed his business, and how insistent he became with him.



PHOTO ILLUSTRATIONS BY GEORGE LOHR

BUSINESS MEN who fail to find out how ICC regulation of motor carriers affects them may lose money and opportunities—perhaps meet disaster

Occasionally this may have been profitable. More often it was an illusion. After all, shippers profit most by stable, reasonable rates, bearing some relationship to each other, and quoted by concerns which are financially responsible and adequately equipped.

Although the business man recognizes the importance of these factors, still he wants more substantial information. For example, how does the new order affect his shipment today?

How do the new truck rates compare with railroad rates? What does the common carrier truck offer him today in the way of rates and services that he was not getting before the ICC took hold?

Rate stability and the development of a sound pricing system for transportation are worthy objectives, but the shipper wants to know how he stands at the moment. As a consequence, business executives have been tossing curves at their traffic experts ever since the truck schedules were filed last April.

Many business men want to know whether the new trucking rates are higher or lower since the ICC took jurisdiction. It is difficult to answer this question definitely because heretofore there has been little rhyme or reason in trucking rates. But it is safe to say that the general tendency of the new trucking rates is higher. This

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three keys—**IN ONE MOTION!**

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is true if only because truckers can no longer fix a rate with the non-chalance of a pawnbroker or the impulsiveness of an auctioneer. The rates are now set forth in published schedules and must be adhered to. Thus, capricious rate-cutting and business-at-any-price methods are in the discard.

Truck rates are higher

EVIDENTLY when the truckers had to put their rates down on paper for all to see and abide by they made them higher. It was one thing to grant extraordinarily low rates to favored shippers here and there, but it was something quite different to offer such low rates to all shippers. As a consequence, the new rates are generally higher, if not greatly so.

Incidentally, the law compelled the ICC to accept the original rate schedules of the truckers. But all subsequent truck rates are subject to the Commission's approval.

Ask your traffic man for the railroad rates on a certain shipment and he will flip the pages of several tariffs, purse his lips, corrugate his brow, sometimes swear softly, put a few mysterious symbols on a scratch pad, and finally give you a few simple figures that tell the whole story. But ask him how the new trucking rates compare with the railroad rates and he will promise to let you know in a week or so.

The most striking thing about the new trucking rates is the extent to which they are the same as railroad rates. This is especially true of

freight coming within the first four classes of rates. That is to say, most less than carload shipments, and carload freight of marked fragility, value, or light weight and bulk, such as glassware, clothing or furniture.

The similarity between truck and railroad rates is further emphasized by noting that the National Motor Freight Classification follows the general plan and ratings of the railroad classification. (For the uninitiated it should be explained that the Classification is a basic publication which states what class of rates different articles take, packing and other regulations.)

Clearly, when the trucking industry faced the task of developing its own Classification and rating system overnight, its only hope for unity lay in adopting, not just the general rate plan evolved by the railroads, but the actual rail classification and rates. However, don't assume that the difference between trucking and railroad rates is unimportant. The exceptions to this generalization may prove as important as the generalization itself.

When shippers first began to use motor trucks for city to city hauling they found them faster, more adaptable to a manufacturer's operations, with more liberal packing requirements and lower minimum weights. Moreover, trucks rendered a complete service, from door to door, and made possible a greater "mixture" of freight.

Many of these advantages have been considerably modified by the recent quickening and modernization

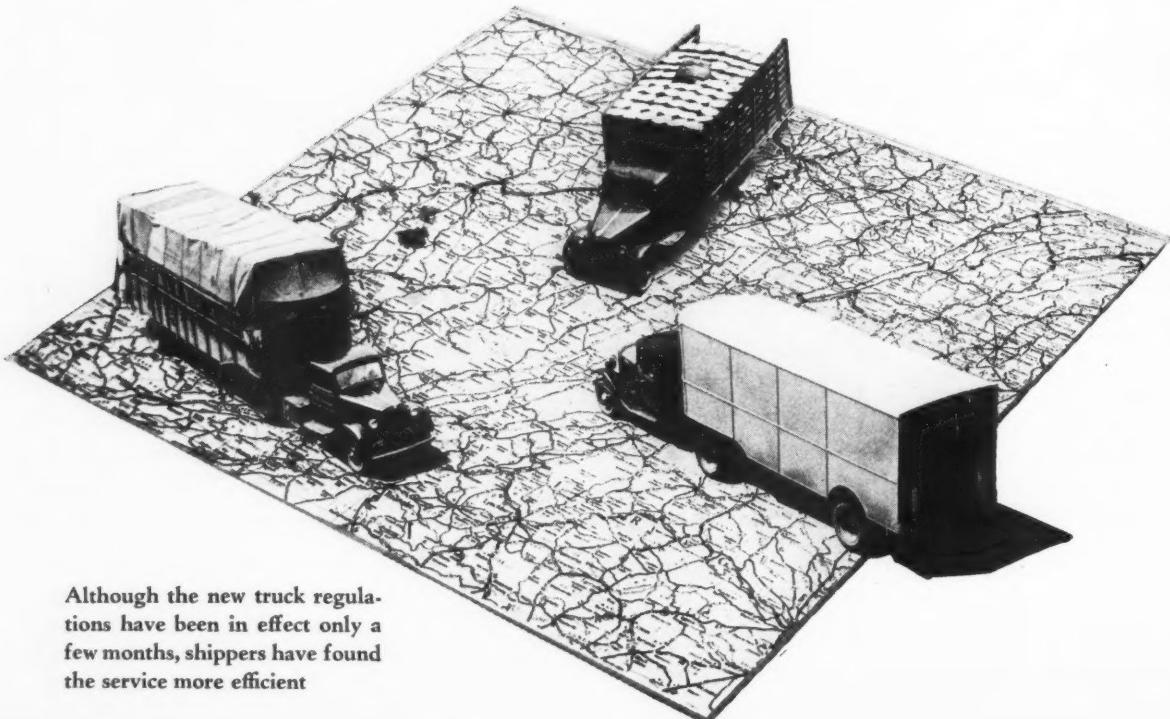
of railroad service. The degree to which they still hold true depends upon the commodity being shipped and the particular circumstances of each shipment. However, today the most important advantages and disadvantages of the motor truck are found right in the tariff. Don't forget that a tariff with an ICC number has the authority of a law.

To ignore the exceptions to the statement that most truck rates are the same as railroad rates is pretty much like refusing to buy an umbrella because the sun usually shines. One good drenching can cost you the price of a dozen umbrellas. One glaring oversight or careless assumption can wipe out the profit on an order, or even lose a customer.

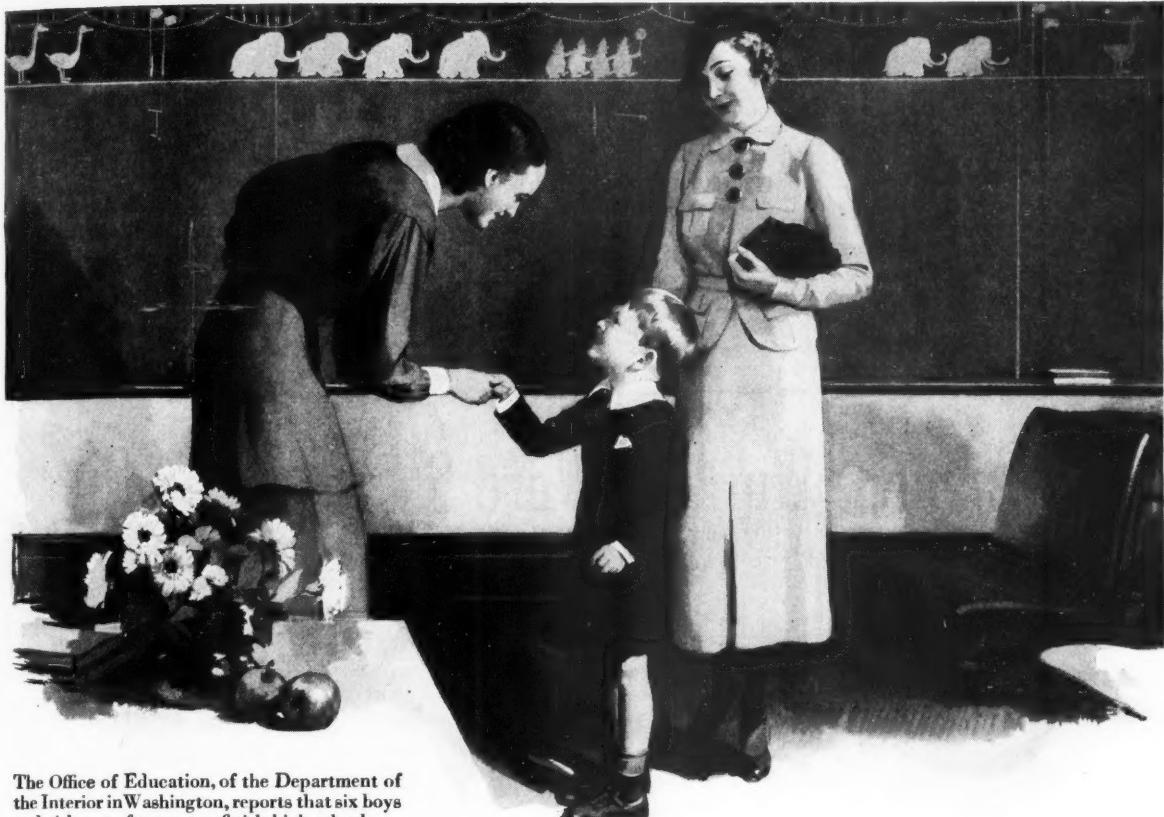
Classifications differ

FOR example, while the railroads have one classification publication, the truckers have several. Thus, whether you ship via Pennsylvania or New York Central your freight is subject to the same classification and rates. Not so with the trucks. Although the National Motor Freight Classification, sponsored by the American Trucking Association, is the most widely used, the ever-growing Keeshin organization has its own distinctly different classification. Certain New England motor carriers have an original version of the classification, a number of truck operators concur in the railroad publication, and there is still another truck classification of limited scope.

This may be a bit confusing, but



How Much Schooling Can He Have?



The Office of Education, of the Department of the Interior in Washington, reports that six boys and girls out of ten never finish high school.

WHY do so great a number of children drop out of high school before being graduated?

Because, in many cases, their fathers could not afford to keep them in school. Mothers, who are left alone, often find it very difficult to give their children the advantages they need.

You have high hopes and ambitions for that boy of yours. One of the first questions which will be asked when he applies for a job will be "How much education have you had?" In many situations college men are preferred. Most concerns pick for future responsibilities boys and girls who have gone through high school.

How much education your boy will have—high school, college, or technical training of some kind—may depend on you. That is your responsibility and your privilege. Whether you are here or not, you can make sure that he will have his chance. An Educational Fund Policy will provide the money when it is needed. It may be your boy's steppingstone to a happy, useful and successful life.

A Metropolitan Field-Man will be glad to tell you all about this policy. Telephone the nearest Metropolitan office and ask him to call—or mail the coupon.

The Metropolitan issues life insurance in the usual standard forms, individual and group, in large and small amounts. It also issues annuities and accident and health policies.

The Metropolitan is a mutual organization. Its assets are held for the benefit of its policyholders, and any divisible surplus is returned to its policyholders in the form of dividends.

Metropolitan Life Insurance Co.
1 Madison Avenue, New York, N. Y.

Without obligation on my part, I shall be glad to learn more about a Program of Life Insurance which includes an Educational Fund.

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ADDRESS _____

CITY _____ STATE _____

96-N.



METROPOLITAN LIFE INSURANCE COMPANY

FREDERICK H. ECKER
Chairman of the Board

ONE MADISON AVENUE, NEW YORK, N. Y.

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LERoy A. LINCOLN
President

the shipper can do nothing about it except hope that time brings uniformity. Anyway, let the traffic men puzzle it out. They get a kick out of these business jig-saws.

If you pry into these trucking tariffs you will get a few surprises. For instance, less than carload shipments of iron and steel articles more often than not can move cheaper over the rails. That's a simple one. But suppose you have a shipment of cardboard window displays to tie in with a promotion campaign. The lithographer can just barely get them off the press in time. You specify routing by truck to save a day. Your traffic department makes a hurried check of the rail and truck rates and gives the

truck the green light. But wait until you can see your transportation bill!

What happened was that your traffic man, in his haste and unfamiliarity with the new truck tariff, overlooked an innocuous looking provision which states that all freight is subject to a minimum charge of 15 cents per cubic foot. Since window displays are light and bulky, this minimum charge proved to be much higher than the usual rate per hundred pounds and was therefore applied. Incidentally, the railroads do not have such provisions in their tariffs.

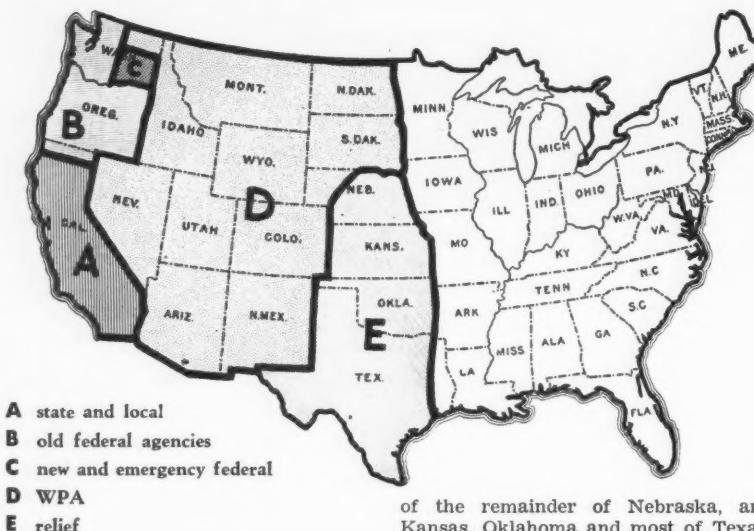
When you ship via railroad you know from long experience about what to expect. You know, for instance, that a carload will cost at

least \$15, and a less than carload shipment at least 50 cents. Furthermore, you know that your shipment will be accepted without question if it is properly packed and is not currency, jewelry or an exceptionally dangerous explosive.

But in using motor carriers you cannot be so casual. Nothing can be assumed. Frequently the rates and rules of truckers vary widely. The truckload minimum charge might be 15 cents a cubic foot, or it might be subject to a minimum weight figured at 20 pounds a cubic foot. Some motor carriers specify a flat minimum charge per truck. It may be \$15 or \$50. The less-than-truckload mini-

(Continued on page 88)

If Government Workers Were Segregated . . .



IF all employees of federal, state and local governments in the United States lived in one section, together with their dependents, and the private employees and their dependents lived in the rest, then the people would soon grasp the tremendous load of taxes that is bearing down on business and individuals.

The governmental employees, their dependents and those on relief, are equal to the population of the whole country west of a line at the west of Minnesota, Iowa, Missouri, Arkansas and through the eastern tip of Texas.

Government employees equal in number the total gainfully employed in the states of California, Oregon, Washington, Idaho, Nevada, Utah, Arizona, New Mexico, Colorado, Wyoming, Montana, North Dakota, South Dakota, and part of Nebraska.

Those on relief, according to the official figures, equal the total population

of the remainder of Nebraska, and Kansas, Oklahoma and most of Texas.

No prejudice is intended in superimposing these figures on the sparsely settled western states. Among them is California which is fifth in number of gainfully employed and Texas is sixth. Texas is fifth in population and California is sixth. The government employees, disregarding those on relief, are greater in number than the total gainfully employed in any group of states, as the Census Bureau classifies them, except the Middle Atlantic and East North Central, and South Atlantic—and they are within about 400,000 of equalling the nine South Atlantic States—from Delaware to Florida. Those on relief number more than the population of any state except New York and Pennsylvania.

If any error has been made in this chart, it has been on the side of conservatism. The number of civil employees was contained in the monthly reports of the Civil Service Commission. Army and Navy figures were ob-

tained from the headquarters of those two arms. The legislative and judiciary establishments' figures were from the monthly Labor Review of the Department of Labor. WPA project workers were from the latest report of that organization. Relief figures were from the latest report of FERA. State and local government employees are from the report of the Commission on Inquiry on Public Service Personnel for 1935, but this report refers to the number of employees in 1932 and hence is, as of now, certainly an understatement. Veterans' benefits, AAA benefits, and the like have been totally excluded.

The statement of Representative Sam C. Massingale, Democrat, of Oklahoma, shows how conservative this compilation is. He said:

According to Harry Hopkins, there are 21,000,000 people on the dole. There are on the federal pay rolls 3,000,000; on other government pay rolls 6,000,000; on CCC pay rolls, 500,000; on WPA pay rolls, estimated, 3,000,000; those receiving AAA benefits, 15,000,000. Thus we see nearly 50,000,000 people are drawing salaries from the Government, receiving government benefits, and on the dole.

The verifiable figures give 3,327,299 on the direct federal government pay roll; 2,344,500 on state and local government pay rolls; total 5,671,799, or 11.6 per cent of the country's gainfully employed. In addition, 8,896,030 individuals are on relief—seven per cent of the country's population. Then, as a minimum, 18½ per cent of the country's population is living off the governments, and in addition uncounted benefits are going to groups ranging from agriculture to veterans.—W. L. H.

[Since the official figure of the number on relief was given out, Aubrey Williams, deputy WPA administrator, has estimated that the number on relief is 4.3 per cent of the population, the decrease being chiefly due to transfers to the works program.]



WARLIKE MANEUVERS OF ARMY TRUCKS PROVE VALUE OF NEW TIRE INVENTION

Thundering across open country, heavy army trucks and armored cars stop for nothing. They crash through underbrush, speed over highways, hurdle ditches if necessary Smack! A front tire takes a terrific impact as the car hits a curb-high bump. There's a screech as the driver yanks the wheel around a sharp curve. And the tires are twisted, dragged, tortured. Traveling over fields or highways, there's always the bruising, battering punishment of heavy loads on tire sidewalls. Every day is war for tires!

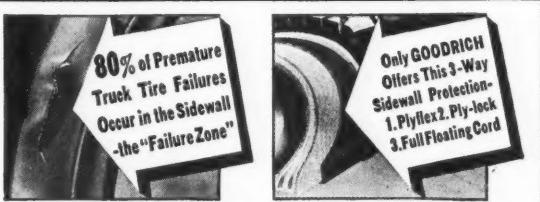
You'll find Goodrich Triple Protected Silvertowns on these big land battleships. You'll find the same tires on hundreds of the world's toughest trucking jobs. Because Silvertowns are *Triple Protected*.

Protects Against Blow-Outs
Every Goodrich Truck Tire has a new invention built into the sidewall—a 3-way check against blow-outs and breaks. This protection actually checks 80% of premature failures! No wonder operators everywhere choose Silvertowns for their toughest hauls—save money on any kind of haul.



Whether you carry one ton or twenty to a load, you can cut down on failures and delays, jump your mileage with

Triple Protected Silvertowns. Don't spend another penny for tires until you see the local Goodrich dealer.



ONLY GOODRICH OFFERS THIS TRIPLE PROTECTION

- 1 **PLYFLEX**—distributes stresses throughout the tire—prevents ply separation—checks local weakness.
- 2 **PLY-LOCK**—protects the tire from breaks caused by short plies tearing loose above the bead.
- 3 **100 % FULL-FLOATING CORD**—eliminates cross cords from all plies—reduces heat in the tire 12%.

© 1936, The B. F. Goodrich Co., Akron, Ohio.

Goodrich *Triple Protected* **Silvertowns**

SPECIFY THESE NEW SILVERTOWN TIRES FOR TRUCKS AND BUSES

No Business Can Escape CHANGE

Business is ever growing and expanding through the new products it develops for the public's convenience

1 • ANTS carry a bait containing a new poison back to the nest, killing the colony. The container, with only perforations for ants, makes for safety of pets. It's usable indoors or out. . . .

2 • A NOVEL grill for bacon sets inside an ordinary frying pan, drains the fat automatically, providing crisp bacon. . . .

3 • A NEW cigarette holder with movable joint may be turned up like a pipe and laid down safely while the cigarette is burning. . . .

4 • MILADY is offered a small shovel-shaped spoon for filling her compact with loose powder. Saves muss and waste. . . .

5 • A NEW steel inner window saves cost on heating or air conditioning. It's easily put on or removed, said to be neater than storm windows, and may be opened to provide indirect ventilation. . . .

6 • SQUEAKING floors are stopped by a newly developed chemical which is easily applied between the cracks and joints. . . .

7 • A COMBINED spreader and sticker for application of agricultural sprays has recently been developed. Poisonous residues may be easily washed off with warm water, but they resist normal rain. . . .

8 • A NEW garden tool facilitates cultivation of growing lawns. Spikes break up the clodded dirt. Reversed, it is a tamper for freshly seeded areas and the like. . . .

9 • A NEWLY developed balance suitable for school, photographic, and some drug store work is small enough to be carried in the overcoat pocket. It weighs from 100 to 1/100 gram. . . .

10 • A NEW device keeps tires inflated while a car is in motion. Applicable to any wheel with large hub cap, a small individual pump operated by bumps of the road brings pressure up to normal and cuts off. . . .

11 • A SMALLER 1000-watt lamp with Pyrex bulb offers more resistance to heat and rain. A special screen minimizes tungsten blackening and offers continued high efficiency. . . .

12 • A NEW colorless, liquid waterproofing material can be used to treat wood, brick, concrete, iron, etc. Applied by either spraying or brushing, it can be used as undercoat or protective coating for paint. Said to be crack proof and heat resistant.

13 • STEEL wool is easy on the hands when used in a novel holder that doesn't interfere with cleaning operations. . . .

14 • A NEW nickel-silver pitcher makes serving of canned

beer easier. Put the can in the pitcher and close the lid. It taps the can automatically and is ready to pour. . . .

15 • AN ASH tray with polished chromium bowl is designed with a new stellar motif to harmonize with modern decorations. It's easy to clean and smothers smoldering cigarettes. Bridge prize suggestion. . . .

16 • AN EFFICIENT public address system is made from a 16 mm. sound-on-film projector with a small pre-amplifier and microphone attachment. It is said to be suitable for outdoor use, too. . . .

17 • A NEW electric razor cuts along the leading edge like clippers. It is said to be non-clogging, yet to cut cleanly without harming the skin. . . .

18 • A PERFUMED non-inflammable spot remover for upholstered, clothing, etc., features a new self-feeding brush top which passes just enough cleaning fluid for the job in hand. . . .

19 • A NEW mechanical rivet may be installed from one side of the work. When it is pushed into the hole, tightening the bolt nut expands a ferrule under the head anchoring the inside. . . .

20 • A SPRAY of new type for painting traffic lines and the like utilizes a fan instead of compressor. Economy and speed are claimed. . . .

21 • A NEW bird bath for caged birds is fastened to the outside of the cage over the opened door. Said to fit any cage, it saves the trouble of putting a bath inside. . . .

22 • A NOVEL aid in the preparation of foods provides for mixing, grinding, chopping, beating and juicing. Different attachments fasten direct to the motor unit, saving time and space.

23 • A FAN in a new cabinet combines ventilation and dissemination of aroma or deodorant. The dispenser may be capped, leaving the fan to work separately. . . .

24 • FOR the woman who washes her own lingerie or other delicate fabrics, there is a new, small washboard of sponge rubber to help do the job deftly and efficiently. . . .

25 • TRAFFIC signs, more visible by a new method, reflect light from their whole surface since it is coated with tiny crystal lenses. Black letters thus stand out clearly night or day. High efficiency and economy are claimed. . . .

26 • A NEW type of corkboard insulation for small air conditioning installations is built to prevent condensation from the air where heat loss is not a great factor. It's easier to install. . . .

27 • A SPUR-GEARED hand chain hoist with precision ball bearings and accurate machining makes possible an easy lift. Non-jamming chain and other features are incorporated. . . .

28 • A NEW ozone-making installation on an ordinary electric fan provides fresh, sweet air continuously. . . .

—WILLARD L. HAMMER

EDITOR'S NOTE—This material is gathered from the many sources to which NATION'S BUSINESS has access and from the flow of business news into our offices in Washington. Further information on any of these items can be had by writing us.

PH BY JOHN PAUL PENNEBAKER

THE SECRET OF PERFORMANCE

Between the art of a great master of the keyboard and the annoying fingering of those same keys by persons without training lies only one difference . . . control. The musician's fingers strike when and where they should. His ability to so control them is the very measure of his performance. It may seem a far cry from the halls of music to the din of busy factories, but it is not. Electric motors are the singing strings of America's great industrial instruments. Only expert control can wrest

thrilling results from their power to perform. Wise executives have learned this and factory after factory has swung over to the specification of "Cutler-Hammer Motor Control exclusively". Outstanding builders of motor-driven machines also feature Cutler-Hammer in their designs. And a host of reliable independent wholesalers stock it for your convenience. CUTLER-HAMMER, Inc., Pioneer Manufacturers of Electric Control Apparatus, 1251 St. Paul Avenue, Milwaukee, Wisconsin.

One Insignia, One Standard

For almost a half century, the name Cutler-Hammer has meant superior Motor Control. Whether buried in the base of a machine, a box on the wall, a room full of panels, or the little cold control unit on your own household refrigerator, C-H Control starts, stops, regulates and protects motors to save time, trouble and expense.



CUTLER-HAMMER  **MOTOR CONTROL**

Keeping the Employee Sold

THE need of the hour is for men and management to recognize their mutual interests

BY PHILIP E. BLISS

President, The Warner & Swasey Company
Cleveland, Ohio

"HOW'S business?" I asked a friend a few days ago.

"Well," he said, "it's looking better than it has for years. We've redesigned our product—we're getting a lot of orders—we've got our volume up so that we can keep our prices down in line with competition, and it looks as if we might really make some money this year—that is, of course, if we don't run into labor trouble."

This expresses the situation in which thousands of businesses find themselves today. The specter of labor difficulties hangs over many a company which otherwise might view the future with confidence.

To people who read in the papers almost every day reports about the serious unemployment situation in the United States, it may come as a surprise to know that thousands of factories are now worrying over the possibility that their operations may be delayed by the scarcity or discontent of good workmen.

It is true that hundreds of thousands are still unemployed in the United States; but these thousands are made up chiefly of two classes—the untrained, and the unemployable.

By "unemployable," I mean that class of men who never were, and are not now, of a type constituting reliable, intelligent employees.

By "untrained," I refer to the younger men who have come of age in the course of the depression, when no jobs were available—and who, therefore, have had no opportunity to receive the type of training which would fit them for productive factory jobs.

The fact is that there is today a



CHARLES DUNN

The specter of labor difficulties looms over companies which otherwise might view the future with confidence

decided shortage of men who know how to operate machines. Industry is trying to meet this problem. Young men are being taken in, in many industries, and taught basic principles of machine operation. But it takes months to develop a man really capable of assuming the responsibility of operating a complicated machine; and it takes years to develop a man capable of moving from one machine to another, with a thorough understanding of all the various elements involved. Graduate mechanics are not made overnight.

Many skilled workers lost

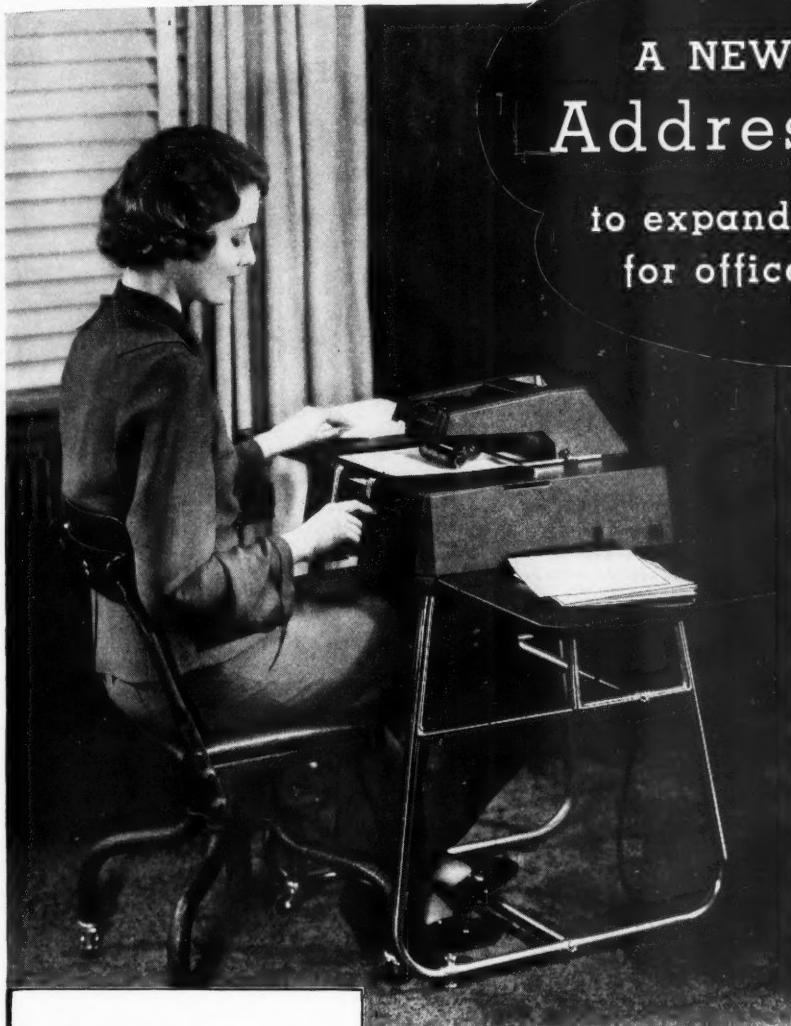
NOT only were no new men trained in the depression but, while business was at a standstill, a great many older men went back to the home town or to the farm, took up other occupations, died, or became incapacitated for active work. So many of the older, well-trained men cannot or will not return—and few new men are as yet capable of taking their places.

Meanwhile, markets are expanding

and production is rising. Until more new men can be trained, it becomes vitally important to keep present experienced employees on the job. Labor trouble today means trouble in delivery or quality—and such trouble is costly. A thousand young men who have never operated a machine cannot solve the difficulties of a machine shop faced with labor dissatisfaction or with a strike.

The problem of industrial relationship consists in effecting a meeting of minds between employer and employee. The employer wants reliable and loyal men who will do good work. The employee wants fair wages, steady work and good working conditions. The difficulty lies in the fact that in many cases both employers and employees approach these subjects in a prejudiced frame of mind.

The workman is constantly subjected to propaganda tending to give him a biased point of view. This is especially the case today. Labor leaders and politicians continually depict the employer as unfair, greedy and unscrupulous. Basic rights of labor have been given fancy labels and



A NEW ELECTRIC
Addressograph
to expand opportunities
for office SAVINGS!

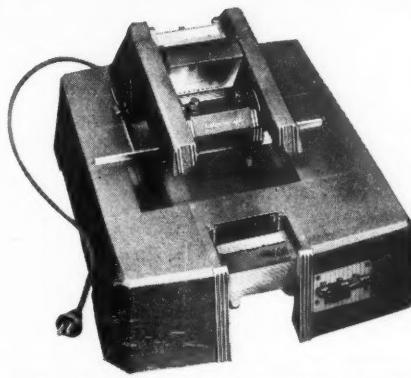
QUIETLY and always accurately, this new electrically-operated Addressograph does more than 100 name- and data-writing jobs in offices, stores and factories, saving up to 90% of costs otherwise required!

At the touch of the control key it types a complete name and address or any frequently-used data on any kind of form or communication (see partial list at left), and does it *ten to twenty times faster* than other methods.

Regardless of the kind and variety of forms you use, or the quantity or character of mail matter you send out, the new Class 900 can turn many expense dollars into profit dollars.

It saves time and money. It aids in building sales . . . in factory efficiency . . . in delivering and shipping . . . in billing . . . in book-keeping . . . in speeding collections . . . in making payments.

Check the uses of this new Addressograph and discover new savings and new betterments in methods. Then see it demonstrated. Consult principal city classified telephone books for address of nearest Agency office or write to the address below for copy of the new 32-page booklet describing Addressograph methods and this new machine.



CLASS 900 ADDRESSOGRAPH

\$142⁵⁰ F.O.B. Cleveland. Without stand or attachments. Convenient Payments

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passed out as new privileges exacted from employers by the Government. The worker may not know exactly what those privileges are, but he feels that he has something or other coming to him and he ought to demand it.

The employer is also subjected to propaganda. Literature put out by employers' associations and similar organizations is by no means always impartial and unbiased. Employer groups are sometimes inclined to put too much emphasis upon self-justification and not enough upon presentation of facts. The result is that the employer in some cases becomes unduly intolerant of all labor activities and fails to retain the open mind which is essential to proper solution of these problems.

One of the biggest jobs which industry has before it today is to establish between employers and employees an attitude of mutual fairness and understanding.

I believe that the first move lies with employers. I have a great deal of faith, based upon years of experience, in common sense and integrity of employees. Certainly, unless employers show a willingness to play

—a company whose employees will not deliver the product may lose out to competition just as badly as may a company whose customers succumb to a rival's sales propaganda.

Employees are important

AND yet, literally, not one company out of a thousand gives the same consideration to holding its employees as it gives to holding its customers.

"Five machine operators threatened to quit this afternoon," may be the report from the shop superintendent to the production manager. This means, no doubt, a conference among production executives. Someone is detailed to see these men and find out what is wrong. But does the incident go at once to the head of the company? Is it treated with the significance it deserves?

But suppose the sales manager writes:

"In danger of losing three customers in the Chicago territory."

This gets action. The major executive of the company may take the train to Chicago that very night.

If customers are that important—

tion. A customer accepts the company as a permanent supplier only after the company has shown itself reliable, fair and trustworthy, under a variety of circumstances over a long period.

Why should we expect employees to accept a company any more quickly than we expect a customer to do so? Why should a company not cultivate its employees in the same way it cultivates its customers?

Every company knows that it cannot indefinitely hold a customer unless it calls itself constantly to his attention in a favorable light—by means of personal calls, publicity, advertising, every accepted device adaptable to that purpose.

Why should we expect an employee—who is a human being, just as is a customer—to react differently? Should we not use all of these means to keep an employee constantly sold upon the company which employs him?

Special attention is merited

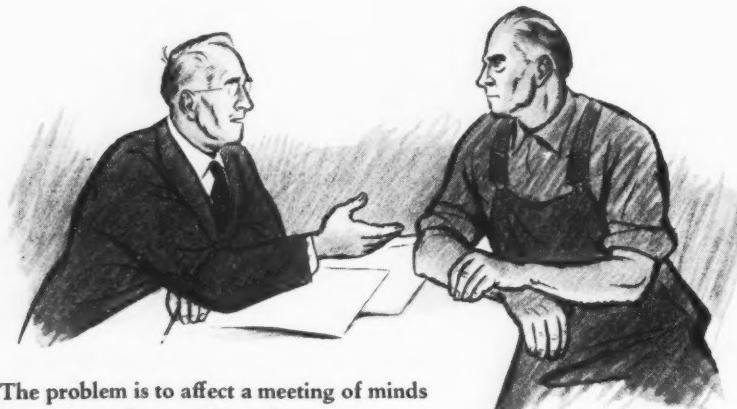
OCCASIONS frequently arise when a company must come to a customer's assistance immediately and without reservation—by special delivery, special adaptations of product, special concessions to meet a particular immediate marketing requirement.

Why should a company be unwilling to give the same type of special concession to the employee, when special circumstances arise?

All this is just plain sense. It has nothing to do with theories of social reform or pronunciamientos of politicians or labor leaders. It has to do simply with relations between human beings.

The analogy between customer and employee may be carried much further. The customer, under ordinary circumstances, is well satisfied to be handled by a company's representative—but when an important situation arises he likes to feel that, if need be, he can call in the president of the supplying company. The workman feels the same way. With respect to minor matters he is willing to deal with subordinates—but on vital issues he wants to be able to talk to the "head man."

A man who recently completed a study of the labor situation in an important industrial field found that, in one company where employees were being given careful consideration through a well conceived industrial relations set-up, workmen were quitting—whereas in a similar company, where they were not being given such careful consideration, they were staying on the job. Inquiry disclosed that employment in the latter company was more popular because "the old



The problem is to affect a meeting of minds between employer and employee

ball on the right kind of basis, we cannot expect employees on their own initiative to develop a less prejudiced attitude toward management.

In that connection I have a specific suggestion to make—one which I think is well worth careful consideration by every employer.

I suggest that each employer give his employees the same consideration he gives his customers.

A business is made up of management, customers and employees.

Employees are just as essential as customers. A company which is weak on its labor relations side is just as badly off as the company which has a weak customer list. In fact, in good times—when business is expanding

why not employees? They are all part of the system of production and distribution of merchandise.

Let us review what we give to customers—as compared with employees.

We give customers a product for value received. We give employees a wage for value received.

We try to develop in the minds of the customer a certain confidence in the business from which he buys. We try to convince him that the product is sound, that the price is right, that the service is good. We show him by deeds, rather than by words, that he is properly treated. A customer does not accept a company merely upon the basis of a salesman's representa-



HOW *Big* SHOULD A MILKMAN BE?

A POLICEMAN should be at least five feet, ten inches tall. A pugilist, to qualify for the top division, must weigh at least 175. The ideal weight for a jockey is about 90 pounds. How big should a milkman be?

Big enough, certainly, to provide a market for all the milk his dairy farmers produce. Big enough to cover his route each morning, undaunted by cold or heat or storm. Big enough to handle many unit sales, so that he can sustain himself at a small margin on each.

By all these standards, Sealtest member-companies qualify as "big-enough milkmen."

They are large enough to provide an unfailing market for all the milk produced by all the farmers who are their regular suppliers. Season in and season out, they take all the milk offered. When it comes to covering a milk-route, they hold all records. Sealtest member-companies serve millions of families every morning. Snows may drift — storms may blow — temperatures may dip or soar — the milk is always there on time.

How big should a milkman be? Big enough to do the best possible job of collecting, handling and distributing milk. That's how big a milkman should be. That's how big Sealtest member-companies are.

• • •

The SEALTEST SYSTEM OF LABORATORY PROTECTION maintains a unified program of dairy research and laboratory control directed by some of the country's foremost food-scientists. It is a separate division of National Dairy Products Corporation, and awards the Sealtest symbol to those N D P foods produced under the supervision of Sealtest scientists. Found on the nation's leading brands of ice cream, milk and other dairy products, the Sealtest symbol is the trustworthy buying-guide of millions of consumers. Make it your guide, too.



THE SEALTEST SYSTEM OF LABORATORY PROTECTION

Copyright 1936 by Sealtest System Laboratories, Inc.

man came out in the shop once in awhile." The men appreciated being able to see the boss, talk to him, feel that they were dealing with him instead of with a hired man. Customers feel exactly the same way.

The days have long since passed when it was possible to get business by dazzling or coddling a customer. Neither is this possible today with the employee. He cannot be put off by a big party or a slap on the back. He must be treated—as a customer is treated—with dignity and respect.

The customer today wants facts. He wants to know exactly what a product will do for him, before he buys it. The employee also wants facts. He feels that he is entitled to a rather thorough understanding of his employer's business because he is part and parcel of that business.

All this sounds simple in theory, but it is not so easy in practice. It requires an internal set-up with respect to industrial relations equivalent to the external set-up with respect to sales.

Personal contact is needed

IN MY opinion reasonably frequent personal contact between the executive head of the organization and the rank and file of the workmen is a prime requisite of a proper labor relations set-up.

In the case of a one plant company, it is comparatively simple for the head of the company to talk to his men at reasonably frequent intervals. In the case of a company which has many plants, this plan is, of course, physically impossible.

In such cases the next best substitute should be adopted. The men in charge of each plant should talk to the men in that plant as often as possible. This is the principle applied to customers. If the customer who calls for consideration can't see the head of the company, the next highest man who can be spared is sent to handle the interview.

But only too often, in the case of employees, the job is delegated, not to the highest ranking man who can be spared, but to the lowest ranking man whose position the men may accept as one of authority. Such a policy is an insult to their intelligence.

In the shop, there is no substitute for "personal appearance." It is part of the executive's job to meet his men and talk to them on a man-to-man basis and to discuss the questions in which they are interested.

What are these questions? They embrace far more than wages, hours and working conditions. Men want to know the general outlook for business and conditions in the trade in which their company is engaged. They want

to know how their company is progressing in competition with other companies. They want to know something about markets and the sales outlook. They want to be told about new developments within the company—instead of simply being allowed to read news of this sort in the papers afterwards like any outsider. They want to feel that the project upon which they are mutually engaged along with company executives is a project which pertains to them just as much as it does to the company's officers and the company's stockholders.

Of course the major executive of a company cannot be expected to handle the daily routine of employee-employer relationships. He must delegate to some one else the job of working out details with shop committees and he must rely upon his superintendents and foremen to interpret policies fairly and intelligently. Workmen do not resent having details carried through by subordinates if they know that when an important issue arises they may take it up directly with the "boss."

In this they feel exactly as does the customer.

A customer accepts the interpretation of company policies through subordinates without question, until and unless a major issue arises. When that happens, he wants to feel free to go to the man at the top—and he wants the assurance that the man at the top will pay some attention to what he says.

Few companies rely entirely upon the spoken word to keep their customers sold. They use for that purpose every means known to the ingenuity of mankind. Especially for purposes of reminders—between intervals of the spoken word—they use the printed word in the form of sales promotion literature and advertising.

These means are just as applicable to the employee as to the customer. They may take the form of internal magazines, bulletins and posters.

This sort of contact must be carefully handled—just as advertising and sales promotion literature must be carefully handled. It must not be too obvious or too "preachy." It must tell the real story. Bunk in employee magazines is today as out-worn as is bunk in advertising. Employees are just as smart as customers. They detect a false note just as quickly.

Internal house organs, bulletins and the like are of value insofar as they repeat, and set forth in tangible printed form, facts and policies of a general nature, the substance of which is in line with discussions previously conducted upon a personal basis. But the magazine or the bulletin will not take the place of the

spoken word. The impersonal printed page is no substitute for the "boss."

In situations of labor trouble or discontent—especially when the employer has honestly tried to be as fair as possible to his employees—the employer often feels what is almost a sense of personal injustice.

"Why should my men do this to me," he says, "when I have tried so hard to do right by them?"

No one can blame an executive for feeling as he does under such circumstances—but does he feel the same way about customers who desert after long years of allegiance?

To a certain extent, perhaps—but on the whole, he is inclined to accept the loss of a customer as the fortunes of war. This is a country of wide-open competition. You may give a customer the best product, the best price and the best service—and still he will leave you. That is a common experience. You may be indignant over it, but you seldom feel a sense of personal injustice.

Why feel that way, therefore, when an employee does the same thing?

Employees are free to go

THE fact is that, no matter what a company does, it has no greater assurance of holding its employees than of holding its customers. It is a simple fact of human relationships that a certain number of people regularly shift their allegiance.

The measures I have outlined are by no means suggested as a cure-all for labor trouble. Nevertheless, the fact that no matter how carefully a company considers the problems of its employees, a certain number of those employees will be dissatisfied or leave, is in itself all the more reason for using every known means to keep dissatisfaction and turnover at a minimum.

Certainly no company would expect enthusiastic support from neglected customers. It may expect no more from neglected employees. Furthermore a neglected employee will make no more effort to talk to his employer than will the neglected customer to talk to the supplier. He will fold up his tent and go elsewhere. He will talk to those who will give his problems more consideration—perhaps another employer, perhaps a labor agitator.

Salesmanship today applies to far more than the distributive side of a business. A company must be sold to its employees as well as its customers. If a company puts the same effort into selling its workmen as it does into selling its customers, I believe it will find that its labor relations problems are well on the road to solution.

STILL IN USE

EHRENBREITSTEIN,
GERMANY
Cast iron main 210
years old.



LONDON,
ENGLAND
Cast iron main
126 years old.



VERSAILLES,
FRANCE
Cast iron mains
272 years old.

*...and they
average 203 years of service*

You see above the unretouched photographs of three cast iron water mains, still functioning underground, after a term of service averaging 203 years. Engineers estimate the life of cast iron pipe at 100 years, which is, of course, conservative. No one knows the full span of the useful life of cast iron pipe. The first recorded installation, made 272 years ago in Versailles, France, is still in service. But all engineers know that cast iron pipe is the longest-lived, most economical material

for underground mains. Cast iron is the standard material for water mains the world over. Its useful life is *more than a century* because it effectively resists rust. It is the one ferrous metal pipe for water or gas mains or sewer construction that will not disintegrate from rust. Available in diameters from $1\frac{1}{4}$ to 84 inches.

For further information, address The Cast Iron Pipe Research Association, Thos. F. Wolfe, Research Engineer, 1011 Peoples Gas Bldg., Chicago, Illinois.

CAST IRON PIPE

METHODS OF EVALUATING BIDS NOW IN USE BY ENGINEERS



RATE THE USEFUL LIFE OF CAST IRON PIPE AT 100 YEARS

She's traveling on the Safe

PERHAPS you saw in front-page headlines, last year's record of railroad safety. Yet this was only the peak record of many years' like achievement.

The American railroads have been the safest form of transportation, public or private, for many years; insurance statistics prove that you are actually far less likely to suffer harm on a modern railroad train than even in your own home.

This doesn't just happen. The railroads are safe because they pioneered and have practiced Safety First for thirty years. They are safe even at their present stepped-up speeds, because they are *modern*.

Every mile of main-line track is today protected by safety practices as perfect as human ingenuity can so far devise. Unseen but constantly augmented improvements in locomotives, cars, brakes, couplings surround those who ride by

rail with a degree of security unmatched elsewhere.

And probably the greatest tribute to practical railroaders lies in the fact that while they have bettered their safety record they have *at the same time* bettered their speed and service.

Freight travels 43% faster than it did a few years ago. Passenger trains have had running time notably cut. Comfort, as exemplified by air-conditioning, has been provided in steadily increasing measure.

"Safety First" still lives as the basic creed of American railroad men, but today it takes expression in the broader form—"Safety first—friendliness too!" Make your next trip by train and you will sample not only the safest travel in the world, but also the finest and most reliable.

GO PLACES—NOW—BY TRAIN

Rates are low—Safety, Speed and Comfort higher than ever before!

NO other transportation in the world can match the American railroads for speed with safety. And every modern convenience contributes to your comfort when you go by rail. Practically all through trains are air-conditioned—cleaner, quieter, healthier. You have modern lighting, excellent food, restful

seats, comfortable beds, plenty of room to move around, and you get there on schedule. Yet with all the improvements railroads offer today, fares have been steadily lowered, both in coaches and Pullmans.



**SAFETY FIRST—
friendliness too!**

**ASSOCIATION
OF AMERICAN RAILROADS**

Transportation Building, Washington, D. C.

Safest Carrier in the World!



DID YOU KNOW

—that the railroads haul a ton of freight a mile with a glass of water and less than a handful of fuel, and at rates averaging less than a cent?

—that the speed of freight trains has been stepped up 43% in recent years?

—that by increasing the efficiency of combustion the railroads have cut fuel costs a half billion dollars in the past ten years?

—that 44 cents of every dollar the railroads take in goes for railroad payrolls?

—that the railroads maintain their own "highways"—a quarter of a million miles of "line"?

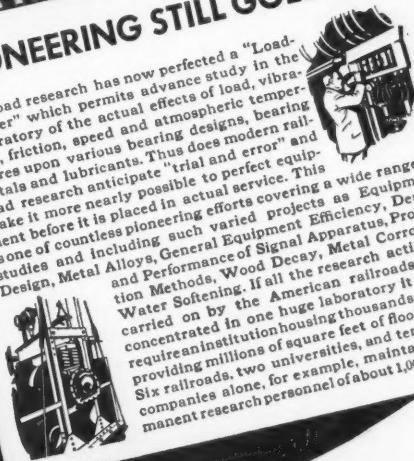
—that many railroads will carry your automobile to vacation spots for the price of a third ticket?

—that railroad fares throughout the United States have been reduced as much as 44%, and that Pullman fares are one-third less, with no surcharge?

—that you are far safer on a railroad train than you are in your own home?

PIONEERING STILL GOES ON!

Railroad research has now perfected a "Loadometer" which permits advance study in the laboratory of the actual effects of load, vibration, friction, speed and atmospheric temperatures upon various bearing designs, bearing metals and lubricants. Thus does modern railroad research anticipate "trial and error" and make it more nearly possible to perfect equipment before it is placed in actual service. This is one of countless pioneering efforts covering a wide range of studies and including such varied projects as Equipment and Performance of Signal Apparatus, Design, Metal Alloys, General Equipment Efficiency, Production Methods, Wood Decay, Metal Corrosion, Water Softening. If all the research activities carried on by the American railroads were concentrated in one huge laboratory it would require an institution housing thousands of men, providing millions of square feet of floor space. Six railroads, two universities, and ten supply companies alone, for example, maintain a permanent research personnel of about 1,000 people.



New IDEAS in Selling

Distributors must constantly guess what the public wants and new ways to deliver it

Coffee made to order: One company is advertising in a mid-western city that the blend of coffee it sells there was chosen by vote of the inhabitants. Different roasts and blends of its coffee were put in free test packages marked only with code letters. These were distributed to 4,500 families in the vicinity. A representative later collected the ballots from the test families.

In advertising space the company asserted that the public's taste in coffee differs in various parts of the United States, and even in different cities, depending upon the chemistry of the local water, the climate, and other factors.

"This company," says their advertisement, "which sells coffee in nearly every state in the union, recognizes that in the long run the public determines what blend and roast of coffee it will drink by its purchase of the coffee it prefers.

"Our coffee has long been a favorite here." But, the ad continues to say, the company wanted to be sure it was suiting its own coffee taste to the blend and roast that exactly matched the local climate and tempo of living.

"Sound" selling: Sound in selling finds increasing use as it demonstrates its pulling power in exhibits or displays, and its ability to support or tie in with printed advertising.

The 1933 "A Century of Progress" brought a far advance in the use of sound with exhibits, and the synchronized control of action with the spoken word. Today a leading unit in this class of synchronizing equipment is housed in a case similar in size to a radio cabinet. Inside is a phonograph turntable with associated equipment that is almost human. Automatically, when started, the tone arm is lowered onto a phonograph record and then, through a mechanical contactor, electrical impulses are given to a switching device. This switching device operates relays which, in turn, control any number of lights, motors, etc., as desired, simultaneously with the voice. Many outstanding exhibits of the "A Century of Progress" had such control.

General Electric's famous "Talking Kitchen," that has been exhibited at fairs, home shows, appliance displays, etc., during the past 18 months is an outstanding illustration of this type of controlled sound and synchronized action. Incidentally, C. O. Hamlin, of the Appliance and Merchandise Department, Cleveland, Ohio, creator of this unique presentation, was recently awarded the Coffin Award "in recognition of his initiative and ingenuity in the creation of spectacular display material" used in connection with the sale of General Electric Home Appliances.

Motor companies, among many others,

are firm believers in the use of sound. Chevrolet equipped more than 300 of its 1936 sedans with special sound systems in introducing its new models. Others have made similar use of sound. Oldsmobile, for example, combines the car radio and an automatic record changer. A prospect enters a car, the salesman turns the radio on, then out comes a perfect sales story, concluding with "Let's take a ride—after all, that is the real thing."

Tabulation of attendance at the Armour Building at the 1934 "A Century of Progress" shows definitely what sound will do. Curiosity doubled the attendance at the Armour exhibit building. Only 15 per cent of the total fair attendance visited this exhibit until a sound system with a recording of a cow mooing was installed. That was all, just two "moos" every 15 seconds. The loudspeaker was concealed in a hedge at the building entrance. Of course, everybody wanted to know what was going on inside.



The B. F. Goodrich Company is rewarding dealers who have been associated with it five years or more with a wall plaque

Fresher bread: Few things are made and distributed with more speed than the late city edition of a newspaper. Hence an eastern bakery has adopted that theme for its morning-baked bread which is delivered to stores in time for the customers' dinner.

"No more afternoon loaves, baked the night before," the company advertises. Its "Special Late City Edition" is delivered to the stores—still hot from the

oven—between 11 a.m. and 1 p.m. This bakery found that 75 per cent of its output could be handled this way. The other 25 per cent does not carry the special edition headline. This is baked late in the afternoon for the morning trade.

Tied in with radio and newspaper advertising, the new edition of bread increased the bakery's sales more than 50 per cent during the first month after the adoption of the innovation.

Beautifying storefronts: Those interested in modernizing storefronts may find much of interest in a new book containing more than 250 illustrations of effective modern storefronts from America and several foreign countries. Offering valuable ideas to architects, builders, and merchants it is free to the trade.

Sale ship: Weaving a little romance into the often-prosaic business of selling has its benefits, in the opinion of F. J. Mack, who heads a baking company in Bangor, Me. Seeking an idea for an out-of-the-ordinary sales contest among its route salesmen, the company unearthed one right in its own fleet of twenty-odd delivery trucks. It merely involved designation of the latest addition to the fleet, a new-model ton-and-one-half truck, as the "fleet flagship" and awarding the privilege of driving it for one week to the route salesman whose sales topped all others during the preceding week.

There were some embellishments, of course. The "flagship" was painted a bright gold all over, and the nautical flavor was carried through by depicting on the side panels an ocean liner steaming over bounding waves, gay pennants

and so on, together with the lettering, "Flagship of Mack's Bread Fleet, Now Being Driven by Mack's Master Salesman." The paint job completed, Mack's sales manager personally took the truck over each route. Retailers, naturally curious about the strangely painted vehicle, proved ready listeners when he explained the new sales contest.

"The result," confides Mack, "was that instead of its being merely a contest between our own salesmen, it turned out also to be a good-natured contest between retailers. A spirit of good-natured competition has grown up between retailer groups on the different routes, each trying to win the truck for their route salesman. Salesmen caught the spirit, sales increased and competition between routes has been so keen thus far that there has been only one instance in which the same salesman has won the truck twice."

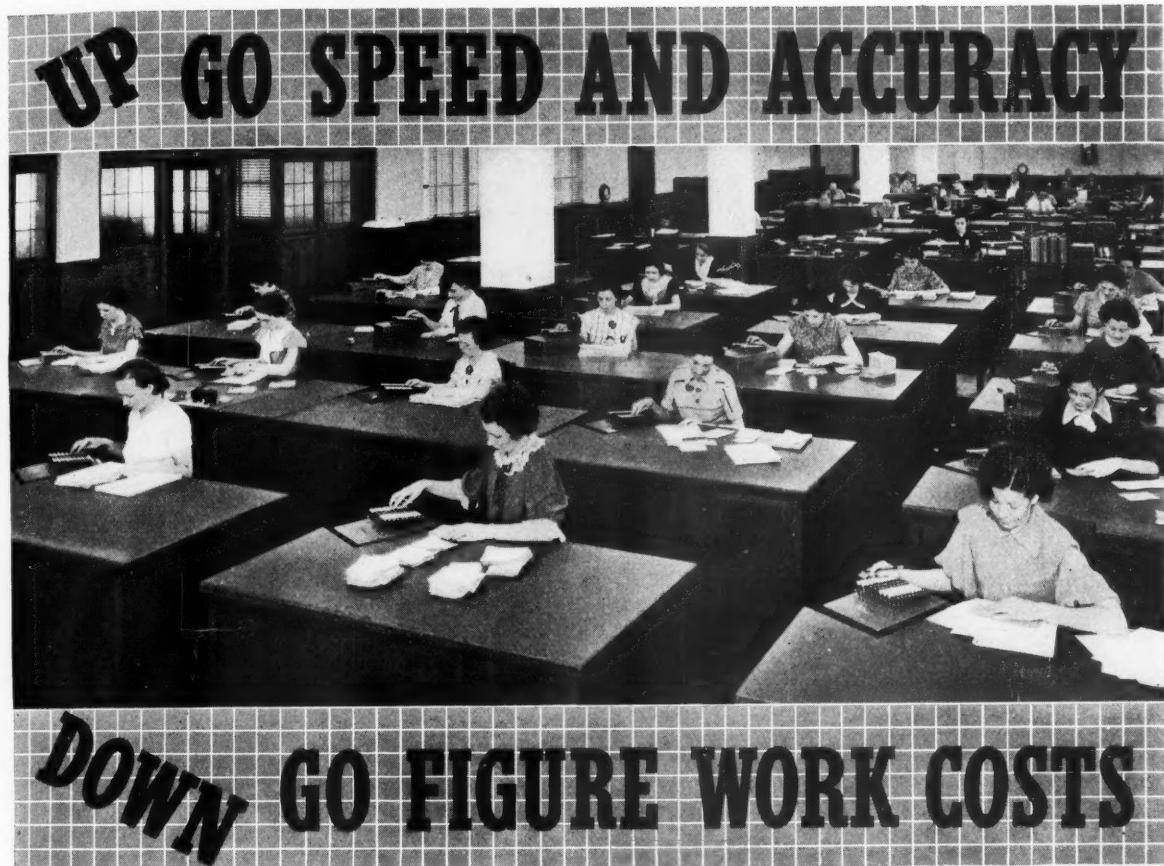
Odd Lots: Some stores selling clothes and other equipment for babies are offering a form of twin insurance. If the customer has bought his baby furnishings on the expectation of one child, this purchase is duplicated free for twins....

A mid-western firm is renting automobiles and trailers for tours. Instead of buying the trailer the vacationist merely buys the tour....

Specification sheets and order forms are simplified by a steel tool company. The part of the diagrams which would have dimensions given are represented by letters. Corresponding order blanks must be filled in to show these dimensions....

Marketing research has been dramatized—yes, dramatized—in a one-act play, "The Sales Manager Proposes," by George W. Kelsey....

—WILLARD L. HAMMER



Maximum accuracy and speed in figure work . . . at minimum cost. Here's how "Comptometer" solved this vital problem for an outstanding manufacturer.

"The same accuracy that we build into millions of carburetors each year," says the Carter Carburetor Corporation of St. Louis, Missouri, "we demand in every phase of our figure work.

"Each carburetor averages more than 150 parts, and several times that number of operations. Hence the volume of figure work involved, in cost accounting alone, is tremendous. Accuracy and speed are essential. We use 'Comptometers'

on all figure work—cost analysis, as well as production records, and the checking of billing.

"We are also impressed with the economy . . . ease of operation . . . Controlled-Key safeguard which eliminates errors from fumbled key strokes . . . lowered maintenance cost . . . of the 'Comptometer.'"

For full information on the economy of

"Comptometer" service on any of the various classes of figure work in your office, telephone the "Comptometer" office in your locality. Or write direct to Felt & Tarrant Mfg. Co., 1712 N. Paulina Street, Chicago, Illinois.



COMPTOMETER

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HAMMER

, 1936

When Astuteness Stifles Volume

BY CLARENCE E. BOSWORTH

WHEN the floods hit New England and the Pittsburgh areas this spring, cancellations of insertion orders for advertising on national schedules were telegraphed, air-mailed and special-delivered to newspapers from the lower Mississippi to the St. Croix. One advertising manager who "saved" several thousand dollars by such astuteness, instructed his advertising agency to "advise all down-river newspapers to suspend our schedule from 24 hours before flood crest until conditions become normal."

Attempts to cancel radio broadcasts were as seriously considered but, for various reasons, few cancellations went into effect.

Just so these overalert executives will not make the same mistake when we have another flood or comparable disaster, let us get it into the record that the heaviest mail in a 26 week broadcast came out of these flood-stricken areas when the waters were at their spectacular worst, and each letter contained a "box top" as evidence of an immediate and special purchase prompted by that particular broadcast. No succeeding broadcast has come within shooting distance of this flood-night record!

No group of executives, with the possible exception of bankers, have the benefit of so much research and fact material as advertising and sales executives; and yet I know of no group of executives who govern themselves so much in first instance by impression. They do, in second instance, generally get around to governing themselves by fact and that is probably why the volume of American business is what it is in consumer goods when measured by *per capita* dollar volume. That these executives are so prone to do things

wrong first and then do them right afterwards isn't, I believe, due to any mental peculiarity of members of the tribe. It probably results from the expectations of their boards of directors and senior executives that they will perform spectacularly whenever there is opportunity for action. And so, when the waters rushed, these executives rushed—into the offices of the presidents and treasurers of their companies to announce another brilliant act, and in every instance I know of, they were highly commended for their alertness.

Advertising received more notice

I MET an agency executive one of the earlier flood nights. He was weary and worn from personally checking that day 400 newspapers to which he had ordered cancellations sent; and he was greatly disturbed because he had not been able to cancel some entire broadcasts and selected stations in others.

He asked how many cancellations I had sent out and was amazed when I answered, "None." From his manner, I understood that he thought he had found me asleep at the switch and he did think so until I explained my line of reasoning.

"I didn't cancel any newspaper ad-

two ways:

"1. All newspapers that can are printing more papers.

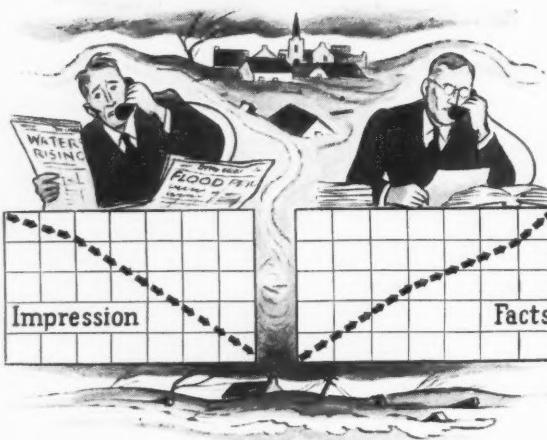
"2. The papers they do print are being more eagerly read.

"I didn't cancel any broadcasts or stations because more radios are open tonight, with more intent listeners before them, than we've had in weeks. Flood news is being cut in with station announcements and in place of sustaining programs, and millions of listeners are hanging on every word.

"If any of my clients had been trying to sell luxury merchandise in a special sale tomorrow, I might have cancelled some advertising, but because they are advertising for more volume through the years as well as for tomorrow, I chose to get for them the bonus in more readers and eager readers of the newspapers as well as the bonus in intent listeners.

"More than that, plenty of stores are open, even in the worst flooded districts, and at such times as these, people fear a possible shortage of supplies so they scurry around and buy. For these and other good reasons, I have chosen to let all schedules ride as they are."

And when I received the report of the "box top" mail giving definite proof of purchase in response to the



First impressions, rather than facts, too often govern the decisions of overalert executives

vertising," I said, "because newspapers everywhere are being more eagerly read during this period than for several months past. People want the news of their flood and of the other fellow's flood, and people who have no flood want to read about those who are in the flood areas. I phoned several circulation managers and they all told me their circulations had jumped well above normal. So, I figured I am getting circulation bonuses for my clients in

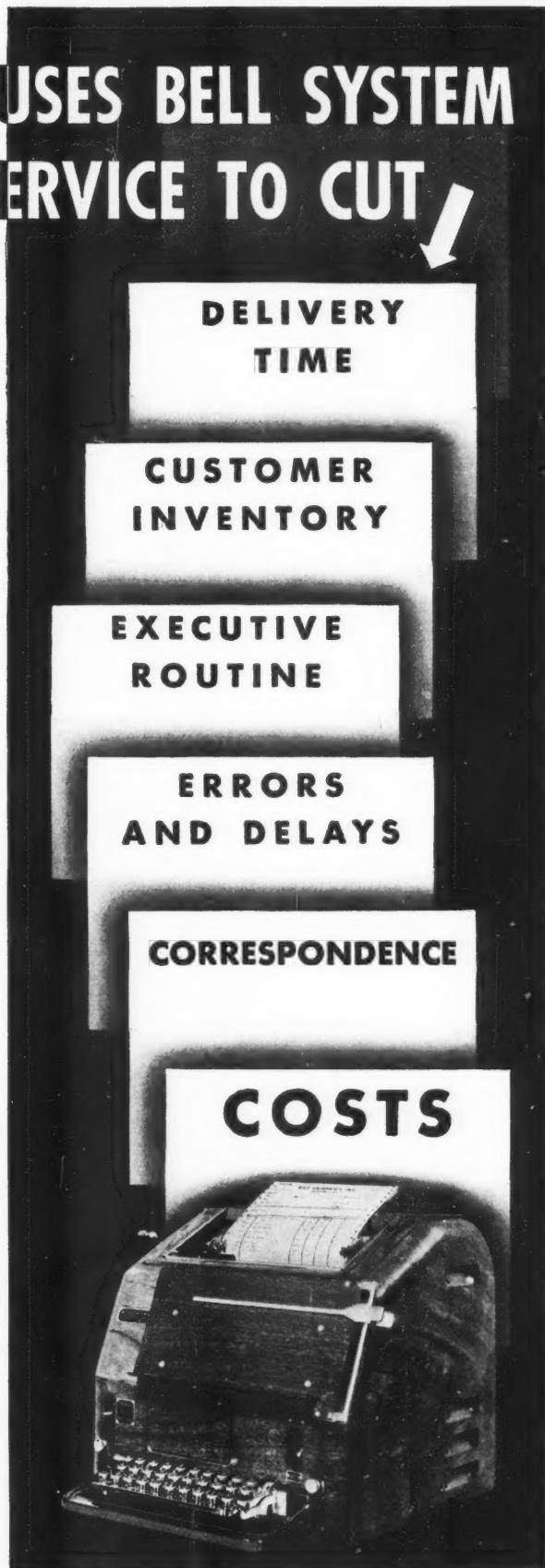
AMERICAN BRASS USES BELL SYSTEM TELETYPEWRITER SERVICE TO CUT

THE AMERICAN BRASS COMPANY of Waterbury, Conn., wanted fast, accurate handling of orders and deliveries, and turned to Bell System for help. Private Line Teletypewriter Service was installed between the Waterbury headquarters and the New York City sales office — as well as from Waterbury to plants at Ansonia and Torrington, Conn. Teletypewriter Exchange Service was added at sixteen other plants and branches scattered across the country.

Now orders teletyped in New York are instantly reproduced in Waterbury. No time is lost in transmission, and both offices have identical typewritten records. In addition, shipping instructions, price corrections, credit inquiries, and many other matters are handled entirely by teletypewriter.

American Brass reports six salient advantages from teletypewriter service: (1) Next-day deliveries are made on practically all orders. (2) Faster delivery has made it possible for customers to reduce inventories and release capital tied up in stock. (3) Sales executives handle inquiries with less time and effort. (4) The instant, accurate transmission of orders and information has largely eliminated errors and delays which would have proved costly. (5) Because connected offices have identical copies of all communications, no confirmation is necessary — time and labor are saved. (6) There has been a definite reduction in inter-office communication costs and a closer coordination of separate company units.

"Typing-by-wire" is so efficient, so flexible that it can probably perform a similar service for your business. Why not discuss it with your local telephone office? No obligation, of course.



PLAYING AN UNSEEN ROLE



IN THOUSANDS OF PRODUCTS

In an uncounted number of things you touch and use, is a material few people have ever seen. It adds strength and hardness to the product... gives it resistance to oil, acids, moisture and wear... adds other essential qualities.

Why are your brakes so silent and smooth? There's Durez synthetic resin in the lining. *Why are your timing gears so quiet?* Resin again. *Why doesn't your steering wheel blacken your hands?* It's coated with hard, wear resistant Durez resin.

What are these resins? They're chemical products—man-made. They make tiny, stable radio resistors possible. They keep your golf-club heads from swelling and cracking... keep brush bristles tight. They fasten light bulbs to light shells.

Durez synthetic resins water-proof felt, paper and fabrics... they coat metal, rubber, composition and glass. They bond asbestos, plywood, sandpaper and clutch discs. They impregnate, size, water-proof and protect thousands of other products.

Is there a place in your manufacturing processes for these versatile Durez materials? Why not find out? Write us today.

SEND FOR BOOKLET:

Durez Resins—powders, solutions, colloids. General Plastics, Inc., 159 Walck Road, N. Tonawanda, N. Y.



DUREZ
POWDERED AND SOLUTION COLLOIDAL
RESINS

broadcast, I was thoroughly satisfied with the decision. And when my friend heard about his record response, he was noticeably chagrined.

For ten years, I've hoped to hear some corporation president or general manager describe his sales manager or his advertising manager as a man of sound judgment, a mature thinker or a competent observer; but in all this time, I've heard only that they were "peppy," high powered, dynamic or something like that. So, they live up to what is expected of them, altogether too often acting upon impressions.

One of the most persistent impressions is that "everybody goes away for the summer"; therefore, any major retail selling effort during July and August just isn't to be thought of. I once suggested a sizable test campaign for mid-summer in Philadelphia and the pish-tushes that were hurled at me suggested an interview with somebody who might know something about whether everybody had gone off and left the city empty.

Now Philadelphia is a market of 3,000,000 people and the Passenger Traffic Department of the Pennsylvania Railroad has long been distressed over the fact that no way has ever been devised to coax more than 250,000 of them to leave the city at any given time!

So, we went to work on what was left of the market; got a 96 per cent distribution in 30 days; 62 per cent reorders in 45 days; and established our market for exactly one-eighth of what it had cost our competitor in money; and in less time.

There must be something wrong about this impression that "everybody goes away for the summer." Railroad executives are concerned because they don't. Sales and advertising executives, laboring under the impression that they do, pass up an opportunity to grab markets for many products at important savings in time, money and effort.

New leaders have arisen

BACK in 1930, I wrote an article titled "Business Depressions Make New Leaders." The editor and I thought we would check up when business recovered and see just who the new leaders were. We are making that check now and are not at all surprised to find that history is still repeating itself. Also, we are not at all surprised to find that several advertising agencies report constantly increasing sales during these depression years for every one of their active clients!

And as to new leadership, terse quotations become an illuminating summary. Here are a few:

"Before the depression, this client was a minor factor in the industry. Now first by a good margin."

"Before the depression, the client seriously considered discontinuing this particular product altogether. During these few years just past, it has become the leader in its field."

Another agency executive spoke with understandable satisfaction of a particularly difficult client. "This is, as you know, a family controlled

(Continued on page 92)

Coming in October

★ ★ ★

Uncle Sam Flirts with the Co-ops

By Robert Van Boskirk

What has the business man to fear from a government encouraged cooperative movement that goes far afield from agriculture and extends from retailer back to manufacturer and processor?

Bookkeeper for the Bureaucrats

By Charles Magee Adams

A small business man's answer to the repeated statement that the burden of satisfying the growing desire for statistics about business falls on "the big fellows who can afford it."

Sixty Dollars a Month at Sixty

By Richard Hobart

The true story of a couple who worked out their own "Townsend Plan" and qualify to talk on the subject of old age security.

George E. Sokolsky tells the reasons why business men are cowards; Herbert Corey introduces George Berry, Federal Coordinator of Industrial Cooperation; Frank Taylor states the issues in the coming vote in California on the chains. Other timely articles.

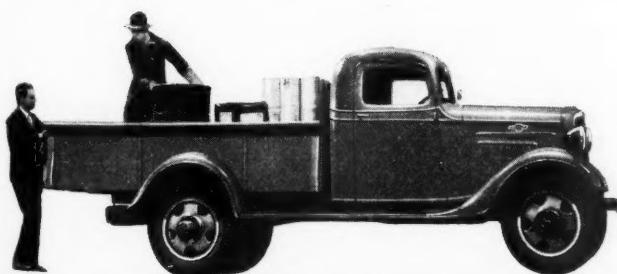
HAUL AT LOWEST COST IN CHEVROLET TRUCKS



**1 1/2-Ton High Rack,
157-inch Wheelbase**



**1 1/2-Ton Stake,
157-inch Wheelbase**



**1 1/2-Ton Open Express
Pick-Up, 131-inch
Wheelbase**

GENERAL MOTORS INSTALL-
MENT PLAN—MONTHLY PAY-
MENTS TO SUIT YOUR PURSE



FOR ECONOMICAL
TRANSPORTATION

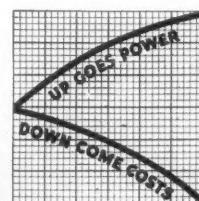
These big, sturdy Chevrolet trucks will haul full-capacity loads over short or long routes, over smooth or rough roads, without fuss or strain, without coaxing or coddling. *Because they have the greatest pulling power of any truck in the entire low-price range.*

And they will haul these loads at savings which will surprise you when you compare Chevrolet's low operating costs with the operating costs of your present equipment. *Because Chevrolet is the most economical truck in the world today for all-round duty!*

Husky . . . durable . . . built to give thousands of miles of dependable service . . . yet selling in the *lowest* price range . . . Chevrolet trucks have every feature for better, more economical service, including High-Compression Valve-in Head Engine, New Perfected Hydraulic Brakes, Full-Floating Rear Axle on 1 1/2-ton models, and New Full-Trimmed De Luxe Cab with clear-vision instrument panel for safe control.

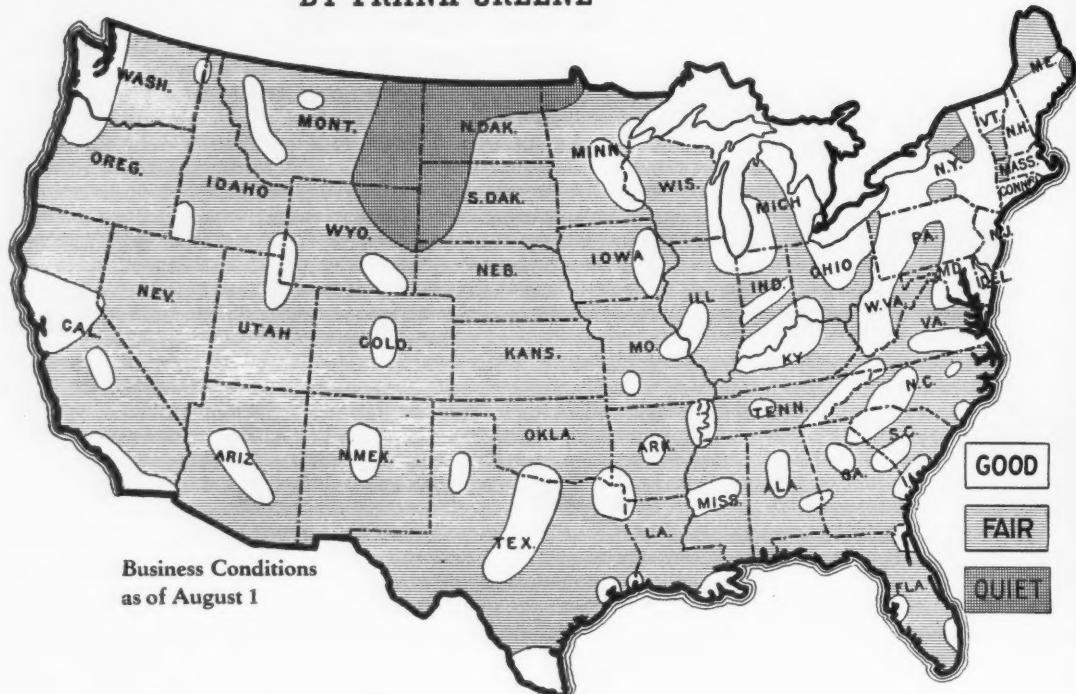
Be wise . . . economize. . . . Haul at lowest cost in Chevrolet trucks!

CHEVROLET MOTOR COMPANY, DETROIT, MICHIGAN



The Map of the Nation's Business

BY FRANK GREENE



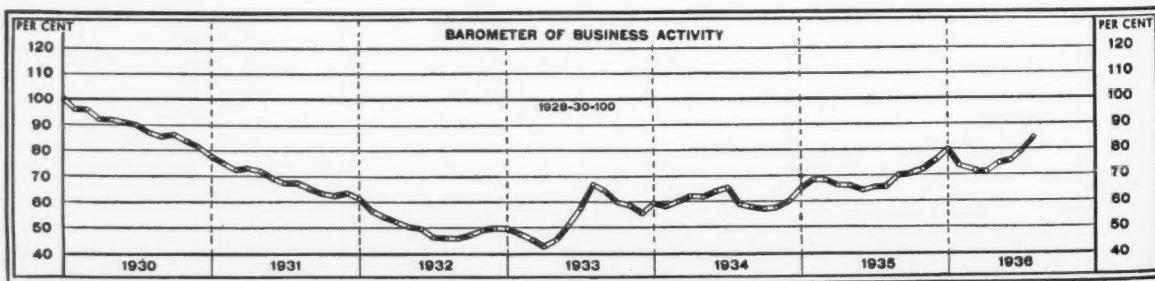
JULY showed little of the traditional mid-summer slackening in trade, industry or speculation, despite the heat and drouth. Some rain fell but too little to save some wheat and oats and much corn.

Private crop estimates, except of cotton, tended lower. Food prices responded sympathetically. Wheat early passed \$1 in all markets, and Chicago corn futures reached that mark July 31.

Industry continued active, steel and its products leading with output at about the year's peak. Automobile production surpassed expectations. Electric power output made new records. Lumber production and shipments gained, reflecting expanded building which surpassed 1935 by 80 per cent and was the largest since 1931. More freight cars were on order on July 1 than at that date since 1929. Mining was active.

Carloadings were only slightly below the peak of last October. Furniture trade reports were good. Cotton mills were active. Copper buying was heavy.

A slight shading of surplus grain crop areas but a similarly small brightening in industrial sections seems indicated as of August 1



The Barometer of Business Activity for July was at its highest point since September, 1930

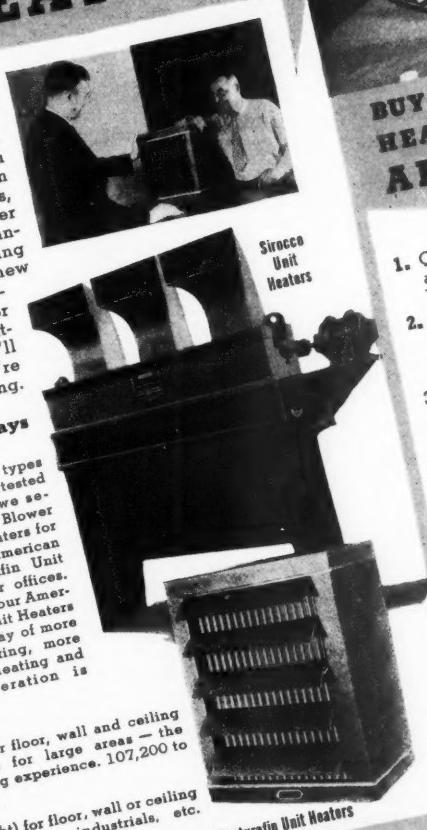
The Horse Trader LOOKS AT THE HORSE

*Take No Chances When You Choose
UNIT HEATERS!*

LOOK BEFORE YOU BUY — Select Unit Heaters as you would any important equipment. Look before you buy . . . compare carefully. It's good business for you and it's good business for us, too. Only by comparison can you realize the marked superiority of American Blower Venturafin and Sirocco Unit Heaters, and only by insisting on American Blower Units will you get all the economies and advantages that can be yours. When planning heating equipment for your present building, new building or when modernizing existing heating systems, be sure to ask your architect or contractor for American Blower Unit Heaters. He'll give you all the facts and he'll make it possible for you to see what you're buying and know what you're getting.

Karl C. Lambert, plant manager, says

"We looked at all types of Unit Heaters and tested several before we selected American Blower Sirocco Unit Heaters for our plant and American Blower Venturafin Unit Heaters for our offices. The difference our American Blower Unit Heaters make in the way of more efficient heating, more economical heating and quieter operation is amazing."



Sirocco Unit Heaters (center right) for floor, wall and ceiling installation — particularly adaptable for large areas — the result of fifty-one years' engineering experience. 107,200 to 1,267,500 B. T. U. per hr.

Venturafin Unit Heaters (bottom right) for floor, wall or ceiling installations in offices, stores, garages, industrials, etc. 21,000 to 471,500 B. T. U. per hr.

**BUY AMERICAN BLOWER UNIT
HEATERS AND GET THESE
ADVANTAGES . . .**

1. Quieter operation assured by streamline inlets and spring suspension motor mountings. All Venturafin units are rated in decibels for sound.
2. New standards of efficiency, 10 to 64% more heat, 4 to 45% more air, with no increase in horsepower. Tested under A. S. H. & V. E. standard test code.
3. Strong, rugged heating elements with cast bronze headers insure years of dependable service.
4. Trouble-free operation with brushless motors.
5. New beauty of design — styled by leading industrial designers.
6. The most complete line of Unit Heaters in the world to select from (two types — Venturafin and Sirocco). All units scientifically designed, engineered and guaranteed by American Blower, a division of American Radiator and Standard Sanitary Corporation — the world's best-known manufacturer of heating equipment.
7. Over 100,000 American Blower Units in use, heating more than 300 million square feet of floor space.

MAKE THIS TEST — Let us send you a Venturafin Unit Heater for a 10-day comparison test. There's no obligation. We'll pay the freight both ways — you be the judge.

AMERICAN BLOWER CORPORATION
DETROIT, MICHIGAN
6000 RUSSELL STREET

MAKE A COMPARISON TEST
MAIL THE COUPON

Please send Data on Unit Heaters
 Please send Unit Heater for comparison to
NAME _____
ADDRESS _____
CITY _____ STATE _____

Business Highlights and Sidelights . . .

Profit Works for All

WHAT mass production means in terms of public acceptance of products and profits is brought into public view by W. J. Cameron, an executive of the Ford Motor Company. In the 33 years of its corporate existence, the company has made a profit of \$782,016,144. While this profit divided by the total number of cars sold—24,500,000—would indicate an average profit of \$32 a car, the average profit was only about \$20 a car, the remaining net earnings having been derived from "by-products and other sources of income."

"In 33 years this company," Mr. Cameron asserted, "has exchanged 24,500,000 cars and other products for \$12,951,338,028. It has paid out \$12,109,321,884 for materials, labor and taxes. That leaves \$842,016,144. Deducting from this the always current obligation of \$60,000,000 for commitments made, taxes accruing, and for wages coming due, there remains \$782,016,144 as the so-called profit for the work of 33 years—less than was spent last year to run the factory.

"Most of what remains of this profit," Mr. Cameron explained, "is not in the form of money at all, but in bricks, furnaces, machines, powerhouses, and so forth."

Answering "critics of the so-called profit motive," he said that "immensely greater values have flowed from the Ford Motor Company than have flowed toward it." He pointed out that 94 per cent of the money received went out again as money, and "much of the other six per cent went into improvements and economies for the public's benefit."

Jobs on the Increase

ONE index to private employment conditions is seen in a recent report by the Civilian Conservation Corps. On the word of Robert Fechner, CCC director, nearly 13,000 men left the Corps in June to accept private employment—the largest number since January, 1936. During the year ended June 30, 145,531 enrollees obtained private employment. This increase in employment opportunities is largely attributed to a general improvement in business conditions.

Encouraging word also comes from the New York State Public Employment offices. E. F. Andrews, Industrial Commissioner, reports that 77,168 jobs in private industry were filled in the first half of 1936—an increase of 45.7 per cent over the same period last year. A

month to month comparison shows a consistent rise for the current year.

Small as these items are individually, they point significantly to national employment possibilities as commerce and industry quicken the pace of recovery.

Steel Payrolls Turn Upward

THE United States Steel Corporation reports an average of 208,086 employees on its rolls in the first half of 1936, as against 193,199 last year—an increase of 15,000 employees. Bethlehem Steel reports a new high for employment in June, with 81,706 on the pay roll, which is above the average of 1929.

Considered in the light of employment and operations in "Big Steel" in 1930, when the pay roll averaged 211,055, steel's pay roll provides its own qualification of the notion that labor saving machinery is fastening permanent unemployment upon the country.

Chicken à la Census

IF ALL American eggs were put in one basket, they would total up in a year to 36,000,000,000, or three billion dozens. On the basis of available information, the Department of Agriculture estimates that 400,000,000 hens lay 90 eggs annually.

To check the data now in hand the Department is making a national count of poultry and egg production. According to Alfred G. Black, the chicken and egg census was designed to become a regular crop reporting service to give more than 6,000,000 poultry raisers the same type of systematic information available to other agricultural industries.

Worries of the Bankers

WHATEVER view may be taken as to the wisdom of the 50 per cent increase in reserve requirements of all member banks of the Federal Reserve system, which became effective August 15, and its probable effects under present conditions, it is important to remember that no possible line of action by banking authorities can assure the future soundness of the country's monetary and banking system so long as the federal budget remains in its present state, declares the Guaranty Trust Company of New York.

"Excess bank reserves," the Bank explains, "represent only one aspect, and in the long run, not the most important aspect—of the menace of inflation. Regardless of Federal Reserve

policy, a balanced national budget is absolutely essential to the preservation of a sound currency.

"Our own view has been, and continues to be, that the changing of reserve requirements is a device that should be used only on the rarest occasions when there is a clear and urgent need of control. Frequent use of this method would make it impossible for bankers to know where they stood in formulating their credit policies. As long as bankers in this country remain subject to fixed laws and rules governing reserves, it is of the utmost importance that they know what their reserve requirements are. The ever-present possibility of drastic changes—particularly advances—in reserve requirements would constitute a serious unsettling influence in the banking situation."

A Slump in Suicides

SUICIDES were fewer in 1935 than in any year since 1932—15.7 a 100,000 compared to 21.3 a 100,000. Kalamazoo, Mich., had the lowest suicide rate in 1935—1.7, and Macon, Ga., the highest—40.6.

Records were compiled by Dr. Frederick L. Hoffman, statistician, in "The Spectator," an American life insurance review.

Among four of the larger cities with records complete for a considerable number of years the highest last year was San Francisco with 29.5, somewhat below its fifteen-year average of 35.2. New York had a rate of 16.3 in 1935, and Chicago and Philadelphia returned rates of 13.7 and 14.7 respectively. All three were also below their average for the last 15 years. Detroit's rate dropped slightly to 11.2 in 1935, while Los Angeles showed definite improvement, its suicide deaths falling from 393 in 1934 to 330 in 1935, with a rate improvement from 26.0 to 20.9.

Hands Across the Seize

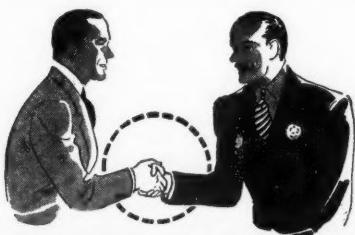
HOW souvenir seekers qualify as the No. 1 bane of hotel and steamship operators is expensively revealed in the toll taken on the maiden voyage of the new Cunarder *Queen Mary*. Before the liner left Southampton on May 27, many small articles were filched from the public rooms, and the hunt for souvenirs continued throughout the voyage.

A. F. Jones, the chief steward, said that some objects had been removed which could only have been loosened with wrenches and screwdrivers. Among the items which have been pilfered, according to him, were spoons, forks, knives, salt and pepper shakers, brass name plates, whole potted plants, clocks, silver calendars and innumerable ash trays, glasses and china.

"It was dreadful, positively dreadful," he sighed. "I never have seen anything like it."

Business Life Spans Short

HOW readily the pessimist can argue that failure is the all too frequent lot of business in the United States a glance at the mortality tables quickly



Hands are the greatest common carriers of disease germs... many of them contagious

DISEASE GERMS... even in a friendly handshake!

In your washrooms—
individual ScotTissue Towels prevent hands from spreading contagious diseases

To protect the health of those who use your washrooms—always keep a plentiful supply of hygienic ScotTissue Towels on hand. Personal towels, they help to prevent the spread of contagious disease germs from user to user.

For only one person uses a ScotTissue Towel once—then throws it away.

Pleasant to use, too, ScotTissue Towels feel and dry like cloth. They stretch to fit every curve and contour of the face and hands. Their "soft-weave" thirsty fibres do a quick, thorough job of drying.

More economical as well as more sanitary, ScotTissue Towels cost $\frac{1}{4}$ less to use than cloth towels. They are the standard towels of more than 100,000 washrooms. Send for a free trial packet. Write Scott Paper Company, Chester, Pa.



THE PATENTED S-T-R-E-T-C-H explains why the ScotTissue Towel *dries like cloth—why it won't go to pieces in wet hands.*



ScotTissue Towels

Used once—then thrown away!

reveals. No country in the world where it is so easy to start in business; and none, the statistics seem to say, where economic entity is briefer.

Sifting reports to Dun & Bradstreet, Roy A. Foulke, head of the agency's analytical department, discloses the tremendous turnover of business ventures. The greatest number of discontinuances from active operation, including failures and voluntary liquidation, was 493,000 in 1930. For 1935 the total had dropped to 378,000.

An average of 20.8 per cent of all active commercial and industrial concerns went out of business each year from 1930 to 1934. It works out that the active life of the average enterprise

in the same period, liquidated for one cause or another, was approximately five and one-half years. Susceptible of a broad variety of interpretations, the figures serve to accent the reality of economic hazard in a country in which men have attained an average life span of 59.3 years.

Good Will to Debtors

Davison, 76-year-old Jamesburg, N. J., retired grocer, answered that question by writing off \$12,500 on his books. The most venerable account in arrears began in 1883 when he first opened shop.

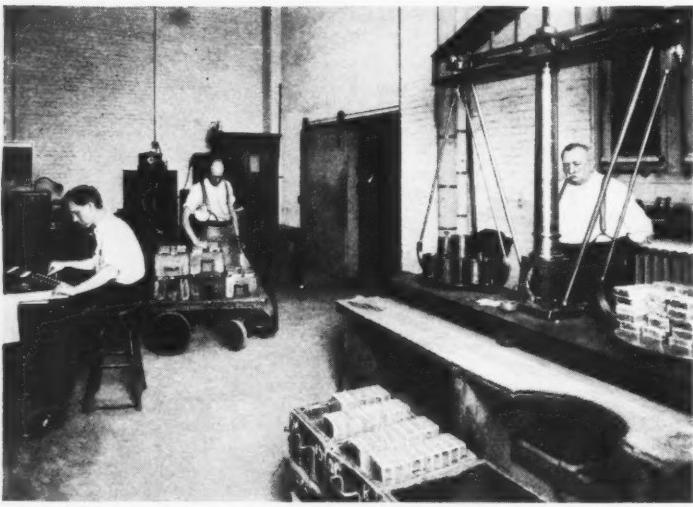
HOW much is a debtor's peace of mind worth to a creditor? Condit M.

More than 300 accounts were still unpaid when he knocked off work 24 years ago. Some customers died, some moved away, some remained. Every time Mr. Davison met a fellow townsman whose bill was of long standing he felt uncomfortable. He thought his debtors felt embarrassed, too. He decided on wholesale cancellation.

"I like to be able to look old friends in the face when we meet," he said, "and feel there is nothing between us, and it will relieve me considerably to cancel these debts."

Relief of debtors is a political text of the times. That it has unpartisan, private observance Mr. Davison's action reveals.

BELLRINGERS



EDWIN LEVICK

What's Happened to Gold?

THOSE gold pieces, now forbidden, which used to decorate directors' tables, dangle from the Christmas tree in neat cardboard containers, and occasionally become confused with bright, new pennies to the owner's alarm, promise soon to become only a memory, even to the federal Treasury.

They're being tossed into Treasury melting pots as rapidly as facilities permit and reduced to prosaic "certificate bars," destined to rest in the older Treasury vaults and the new Ft. Knox gold-storage vault. In late February only about a half billion dollars in gold coin remained unmelted.

Such coins are still trickling into the Treasury from various sources despite the fact that they have been banned as a circulating medium since March, 1933.

The Treasury's \$10,640,246,284 worth of gold—its holdings on July 27—expressed in Troy weight totalled some 304,007,037 ounces. This quantity is sufficient to form 760,017 of the 400-ounce certificate bars. These measure 6½ inches long, 3½ inches

wide at the base and 1¾ inches high. That many bars, piled flat atop each other, would reach 20 miles high—if they didn't tumble over.

Into what items does this \$10,640,246,284 worth of gold fall? Expressed in thumb-nail terms:

\$5,382,231,990 secures gold certificates belonging to the Federal Reserve Board and Banks. These, which are not in general circulation, of course, constitute the reserve against which these banks issue Federal Reserve notes.

\$156,039,431 is segregated as a reserve for United States notes and Treasury notes of 1890, under a mandate passed by Congress in 1900.

\$1,800,000,000 is in the exchange stabilization fund, used to keep the dollar at desired levels in terms of foreign currencies through secret buying and selling.

\$386,586,474 is accredited to the general fund.

Present valuation of the gold supply includes, of course, the approximately \$2,813,000,000 "write-up" resulting from the reduction of the gold content of the dollar in 1934.

Women No Job Menace

HAVE women workers displaced men? No, say figures assembled by the National Industrial Conference Board. Gains in the number of women employees are traceable to advances in technology, resulting in new kinds of work. From 1880 to 1930 the number of women workers rose from 14.7 to 22 per cent of the "gainfully occupied." Totals for male workers decreased slightly in the same period, but losses were chiefly chargeable to reductions in the number of younger workers rather than to the competition of women.

Greatest gains made by women, the Board reports, have been in fields not usually occupied by men. In the period included, the proportion of women in manufacturing and mechanical industries declined from 19.7 to 13.4 per cent. About 80 per cent of the increase of women workers took place in jobs connected with trade, transportation, communication, and service. The group including clerks and copyists, stenographers and typists accounted for a gain of 50 per cent greater than the total gain in producing industries.

The Board found no evidence to substantiate the notion that employment of women workers contributed toward depression unemployment of men.

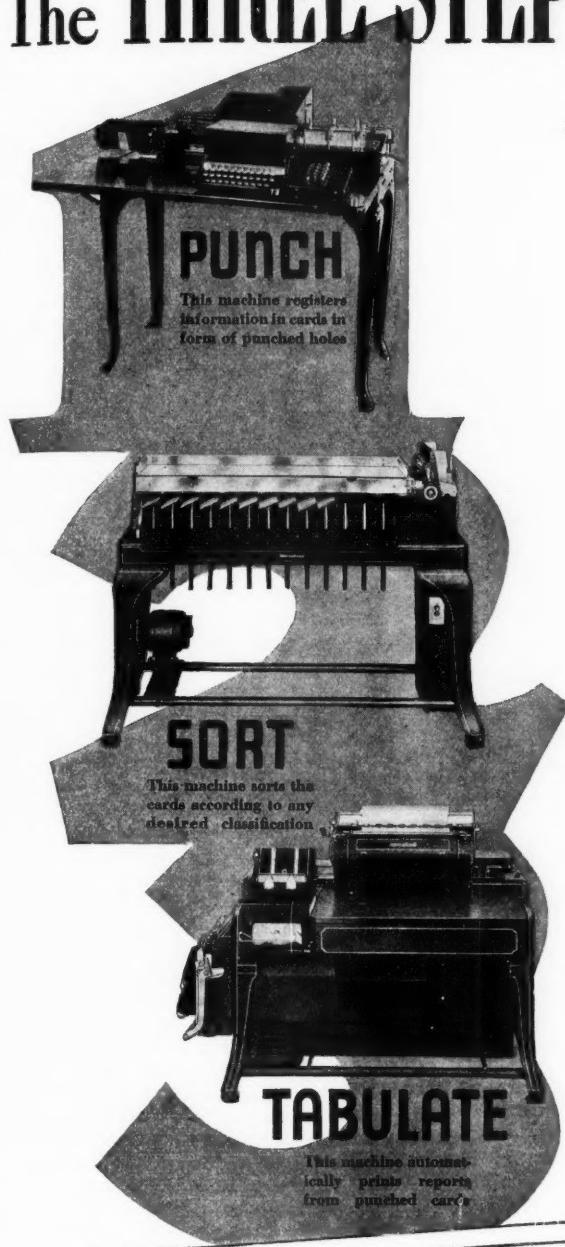
Where People Get Hurt

WHERE do Americans get hurt, geographically speaking? Breaking down 1935's fatal accident toll, it develops that 36,400 lives were lost on the highways, 17,500 in other public places, largely traceable to drownings and firearms, 31,500 in homes, and 16,500 on the job.

Sifting the automobile fatalities further, the National Safety Council finds that two-thirds of all traffic accidents occurred in towns of less than 10,000 and in rural areas. While deaths in cities advanced only 27 per cent, deaths in rural areas were up 44 per cent since 1924. Organized industrial safety work is showing results. Occupational fatalities in 1935 were less than half the number 25 years ago. From 1913 to 1935, the lives of 250,000 workers have been saved.

How high the cost of accidents is suggested by the report of disabilities—365,000 permanent in 1935; 9,100,000 temporary cases. The bill for wage

The THREE STEPS of punched card accounting for accuracy and greater speed



Thousands of businesses and governmental agencies are today employing the punched card method for obtaining important accounting and statistical FACTS. The international acceptance of this modern accounting method is largely due to the fast and accurate performance which International Electric Bookkeeping and Accounting Machines offer.

This modern machine accounting method resolves itself into three fundamental steps: (1) the punching of information in the cards from basic records, (2) the automatic sorting of the cards, (3) the automatic printing of the reports from the punched and sorted cards.

Investigate the advantages in speed, accuracy and economy which International Electric Bookkeeping and Accounting Machines now offer. Your nearest IBM office will be pleased to give you a complete demonstration. Get in touch with them today. No obligation.

THE NATIONAL MANUFACTURING COMPANY PAYROLL							PERIOD ENDING Dec. 7		
EMPLOYEE NAME	REGISTRATION NUMBER	CLOCK NUMBER	DAYS WORKED	HOURS WORKED	GROSS EARNINGS	SOCIAL SECURITY DEDUCTIONS		OTHER DEDUCTIONS	NET AMOUNT PAYABLE
						STATE (U.C.)	FEDERAL (O. A. S.)		
D L BIBBY	283042467	1126	6	385	2925	89	88	140	2668
C F JUNKER	350044673	1127	6	395	3100	31	93	160	2816
M GOLDSTEIN	780062468	1128	5	340	2640	26	79		2535
R E GOULD	456115678	1129	5	395	3290	33	99	100	3058
		1130	4	190	1040	10	31	120	879
						10	89	125	2736

INTERNATIONAL BUSINESS MACHINES CORPORATION

GENERAL OFFICES
270 BROADWAY, NEW YORK, N. Y.



BRANCH OFFICES IN
PRINCIPAL CITIES OF THE WORLD

"Skip it! WE CAN'T GET IN HERE!"



● Burglars, hoodlums, malicious intruders hate Cyclone Fence. They know it means "stay out" . . . and they pass up the place which has this famous fence.

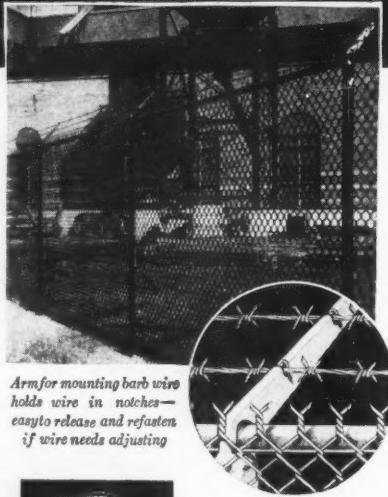
Cyclone Fence is real, *money-saving* protection. It is sturdy and unclimbable. It is built to "stay put". It reduces insurance rates. Its upkeep cost is almost nothing.

Cyclone has many exclusive money-saving features. For example, the Cyclone chain link fabric which bears the "12m" label has an extra heavy coat of galvanizing that stands 12 one-minute immersions by the Preece Test, assuring longer life.

There is a convenient Cyclone factory or warehouse near you for quick delivery. And if you wish, Cyclone Fence will be installed by men directed and trained by Cyclone Fence Company. Phone or write for a Cyclone man to give you full information and estimates. There is no charge for this service.

GET THIS FREE BOOK*

Mail coupon today for 24-page illustrated book. Contains pictures of 14 kinds of fence and tells facts you should know about lawn fence, steel picket fence, chain link fence. Book shows how to have a fence that protects property, that is handsome as well as useful—how to have fence gates that don't drag, fence rails that won't buckle in hot weather, fence post foundations that will not be weakened by frost. No matter whether you require a few feet of fence or ten miles of it—you need this valuable book. Send for it today.



Look for this "12 m" seal. It identifies a new standard of fence quality—developed by Cyclone. Cyclone Fence which bears this label has an extra heavy coat of galvanizing.

CYCLONE FENCE CO., General Offices: Waukegan, Ill.
Branches in Principal Cities
Pacific Coast Division: Standard Fence Company
General Offices: Oakland, Calif.
Export Distributors:
United States Steel Products Company, New York

Cyclone Fence



UNITED STATES STEEL

*MAIL
COUPON
TODAY



CYCLONE FENCE CO., Dept. 695, Waukegan, Ill.
Please mail me, without obligation, a copy of "Fence—How to Choose It—How to Use It."

Name.....

Address.....

City..... State.....

I am interested in fencing: Residence; Estate; Industrial Property; School; Playground; Approximately..... feet.

loss, medical treatment, and property damage, as figured by the Council, amounts to about \$3,400,000,000, rather sizable even in these days of billion dollar shakedowns.

Conceding the treachery of bathtubs, scatter rugs, and stepladders, charging the home with deaths from excessive heat seems a bit intemperate. Possibly the precedent derives from Mark Twain's observation that bed is the most dangerous place in the world because so many people die there.

Dramatizing Industry

THE technique of presenting expositions has undoubtedly improved since Chicago, as teacher, gave a two-year class in the art. Her pupils have learned their lessons well, and adopted some improvements of their own. It's getting difficult not to go to an exposition. One lesson that was learned was that people must be entertained as they are being shown.

Cleveland gives ample entertainment at its hundredth birthday party, the Great Lakes Exposition, which was opened June 27 to run until October 4. For one admission fee, it boasts, "one can hear symphony and band concerts, watch the spectacles at the Marine Theater, see the most famous radio stars broadcasting their regular network programs from Radioland, the world's largest broadcasting studio, visit the hundreds of exhibits and partake in numerous other festivities."

Not the least of the attractions is the presentation in an immense amphitheater by Edward Hungerford, producer of the famous Wings of a Century at the "A Century of Progress," of a drama of transportation on mammoth scale—full-sized locomotives, covered wagons, 200 players, numerous horses and cattle and other properties.

Cleveland, long noted for its work in heavy industry, naturally along with many other exhibits takes the visitor behind the scenes of iron and steel making. In the romance of these metals is dramatized the story of a basic industry from the little, prehistoric furnace to the mammoth sky-painting blast and open hearths of today. Such unusual exhibits are used as an iron mine which is entered through a full-size shaft in a typical ore range, and working models of steel manufacturing machinery.

The whole exhibit stretches for a mile along the lake front in more than 250 buildings. —W. L. H.

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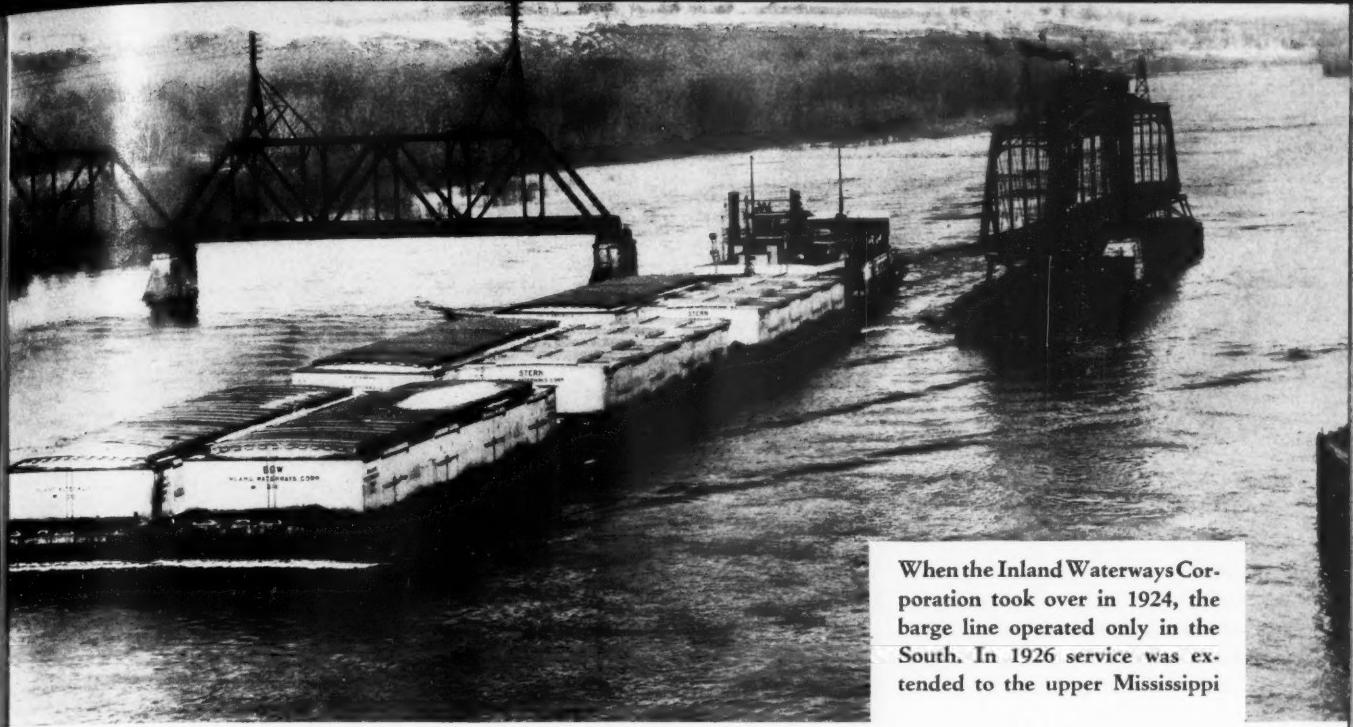
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COURTESY I. W. C.

When the Inland Waterways Corporation took over in 1924, the barge line operated only in the South. In 1926 service was extended to the upper Mississippi

What's Behind Barge Profits?

BY ROBERT TALLEY

UNCLE SAM'S venture into the transportation business—the \$23,000,000 Federal Barge Line that operates over 3,000 miles of river in competition with privately-owned carriers and the railroads—is entering its thirteenth "experimental year."

Traffic carried this year has increased 25 per cent over last and a \$1,000,000 net profit in 1936, as against \$700,000 in 1935, is forecast by Maj. Gen. T. Q. Ashburn, its army officer president. This is indeed a remarkable figure, considering that the barge line has lost money in five of its 12 years and showed a total net profit of only \$525,878 for the entire period.

Plans are now being made to extend the system still further by means of refrigerated barges for transporting perishables by river and joint rates with truck lines operating in the Mississippi Valley.

There is much to be said for this wholly government-owned enterprise which operates a vast fleet of barges and towboats on the Mississippi and its tributaries from Minneapolis to New Orleans and from Chicago to Kansas City, in addition to its Warrior river route from New Orleans to Birmingham. It moves freight at, roughly, 20 per cent less than competitive railroad rates which obviously means a considerable saving for shippers in the 55 cities and towns it serves.

There is much to be said, too, for the smaller, privately

CRITICS declare that only unmentioned contributions by taxpayers make the Government's experiment in river transportation pay



Everything from toothpicks to threshing machines moves by water

COURTESY I. W. C.

WHO SERVES PROGRESS?



Shall we all have More—or Less?

Every American concerned with his own and his country's future needs to ask himself this question. If his answer is "more"—let him think upon the things which made this nation great. It was not by dividing wealth, but by multiplying it. It was not by

stabilization, but by driving forward. It was not by making fewer things at higher prices for fewer people, but by making more things at lower prices for more people. It was not by preserving the old, but by utilizing the new. Never was there a time with more limitless possibilities than *now* for multiply-

YOUR MONEY GOES FARTHER

CHEVROLET PONTIAC OLDSMOBILE

GRESS SERVES AMERICA!

Over 500 scientists on General Motors research staff are constantly "prospecting" for new things to build — or ways to make present products better and available at lower cost

"INDUSTRIAL PROSPECTING" AND ITS REWARDS

Today the most important search for new wealth is made not with pick and shovel, but in the research laboratories maintained by great businesses. There are many failures for every success — but upon the discoveries unearthed rests the hope of future American progress. Because its resources are large enough to enable it vigilantly to explore the future, General Motors can "grub stake" hundreds of such "industrial prospectors," and out of their work come not only new products and new wealth, but what is more significant, new values, new opportunities and new jobs.



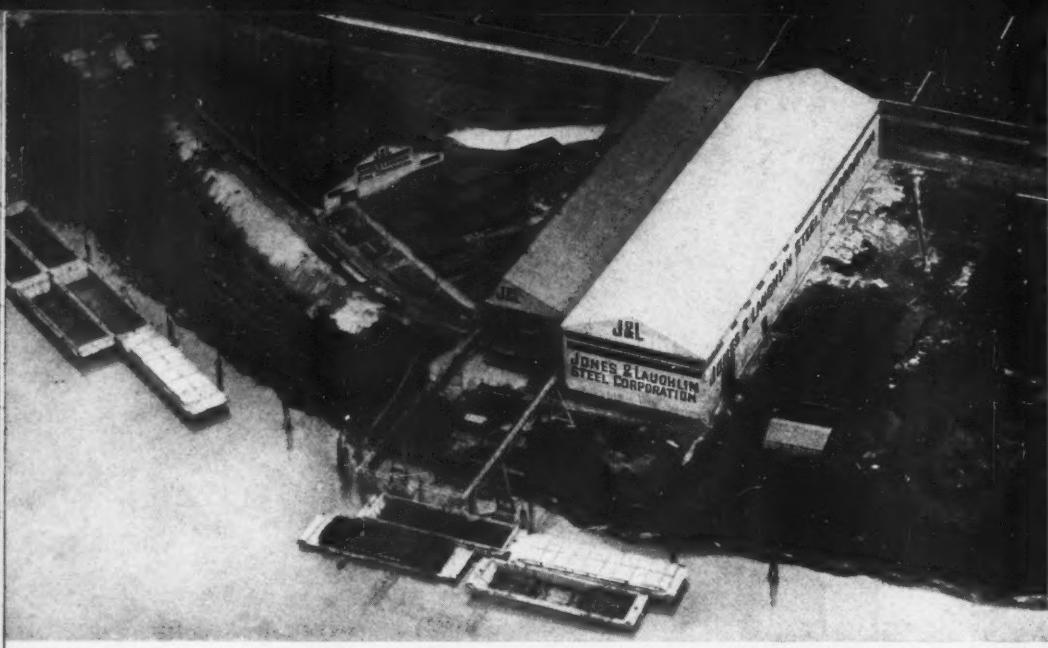
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lultiply-
ing jobs, for creating new work, for producing new wealth, for demonstrating again that *opportunity has no ceiling in America!* The heart of this opportunity lies in rebuilding America's production plant on the basis of the vast advances won by science and industry during the depression years. Rebuild on

this basis and you create not alone more jobs, but better goods and services and values. You lower costs not by reducing wages, but by increasing efficiency. You make more attractive things more attainable, and so widen markets. You serve progress, and who serves progress serves America!

R IN A GENERAL MOTORS CAR

ILE BUICK LA SALLE CADILLAC





There are also other fleets, owned by private corporations, which are used to transport their own products exclusively



The Diesel-powered *Herbert Hoover* can push 12,000 tons of freight upstream in the teeth of a fighting current

COURTESY I. W. C.

owned barge lines operating on the Mississippi and Ohio rivers which likewise haul freight at 20 per cent less than railroad rates between Pittsburgh and New Orleans, 2,000 winding miles apart. Some of these, like the Federal Barge Line, are common carriers and some are contract carriers. There are also other fleets, owned by big corporations, which transport their own products—steel, oil or coal—exclusively.

The taxpayer helps out

THERE is much to be said, too, for the railroads which call this competition unfair and insist that the fancied savings to the public are really being squeezed out of the taxpayers' pocketbooks. Pointing to the numerous subsidies the barge lines enjoy, the railroads cite:

All barge lines enjoy a free right-of-way which is maintained, at an annual cost of millions, at the expense of the taxpayers. The railroads have to provide their own roadways and pay taxes on them.

The Federal Barge Line, as a government enterprise, pays no taxes and the privately owned lines pay no taxes on their floating equipment. The railroads pay about 7½ per cent of their gross revenue in taxes to city, county, state and federal governments.

The Federal Barge Line, financed by the United States Treasury, is not required to pay interest charges on its investment nor to earn dividends for its stockholders. The railroads must pay interest on their bonds and pay dividends as well.

The Federal Barge Line uses untaxed river terminals built

at the taxpayers' expense and in most cases the rental paid for their use is below cost. The railroads have to build their own terminals and pay taxes on them.

Port-to-port freight rates by all barge lines are wholly unregulated and, in some instances, there have been serious cases of rate cutting to get the business. All railway rates, in the interest of competitive fairness and business stability, are strictly regulated by the I.C.C.

The Federal Barge Line, as a government agency, enjoys free postage on all its mail and reduced government rates on its telegrams. The railroads do not similarly benefit.

For several months each year, a large part of all barge line service on the upper rivers is abandoned because of ice. The railroads must take over the traffic in this period, at a time when the cost of operation is highest.

Summed up, the railroads' contention is:

1. If the Federal Barge Line were required to pay its own way and bear its share of the tax burden, it would have to increase its rates substantially above present railroad rates to make both ends meet.

2. If the railroads enjoyed the same exemptions that this barge line enjoys, they could reduce their rates substantially below present barge line rates and make ends meet.

Before going into the Federal Barge Line's operations in detail, let us go back into history a bit and trace the origin and rise of this pioneer of modern barge systems in the United States.

In 1917 the 70-year-old Lee Line, operating the last of the big packets on the Mississippi, gave up the ghost—and the glorious era of steamboating became but a romantic memory. For many years the railroads had been spreading their shiny steel fingers deeper into the valley.

With them had come faster, surer service and the colorful Mississippi River steamboat died a death as natural as that of the stagecoach or the prairie schooner.

In 1918 came the war-time emergency, congestion on the suddenly overtaxed railroads and the Government's frantic efforts to move wheat and steel to tide-water. The U. S. Railroad Administration met the situation by commandeering the floating equipment of all privately owned commercial carriers on the Mississippi and Warrior (Alabama) rivers and began operating these boats and barges as a single fleet.

Incorporated to cut red tape

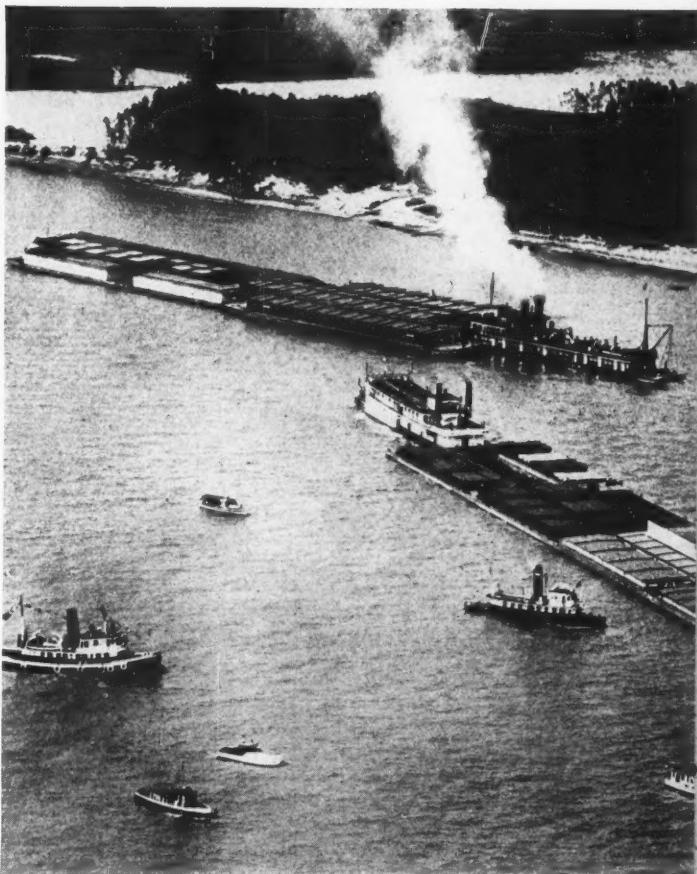
WHEN federal control of the railroads ended March 1, 1920, the barge line equipment and operations were turned over to the War Department which continued to operate the service until May 31, 1924. During this period—from August, 1918, to May, 1924—the barge line lost money every year.

In 1924, the army officers operating the steadily losing barge line declared that, if a corporation were formed and red tape eliminated, the business could be conducted more successfully. Accordingly, Congress passed an act creating the Inland Waterways Corporation for the announced purpose of putting operations "on a sound business basis," and providing a thorough test of the economic value of water carriers under the most favorable circumstances.

On June 1, 1924, this wholly government-owned corporation took over the service.

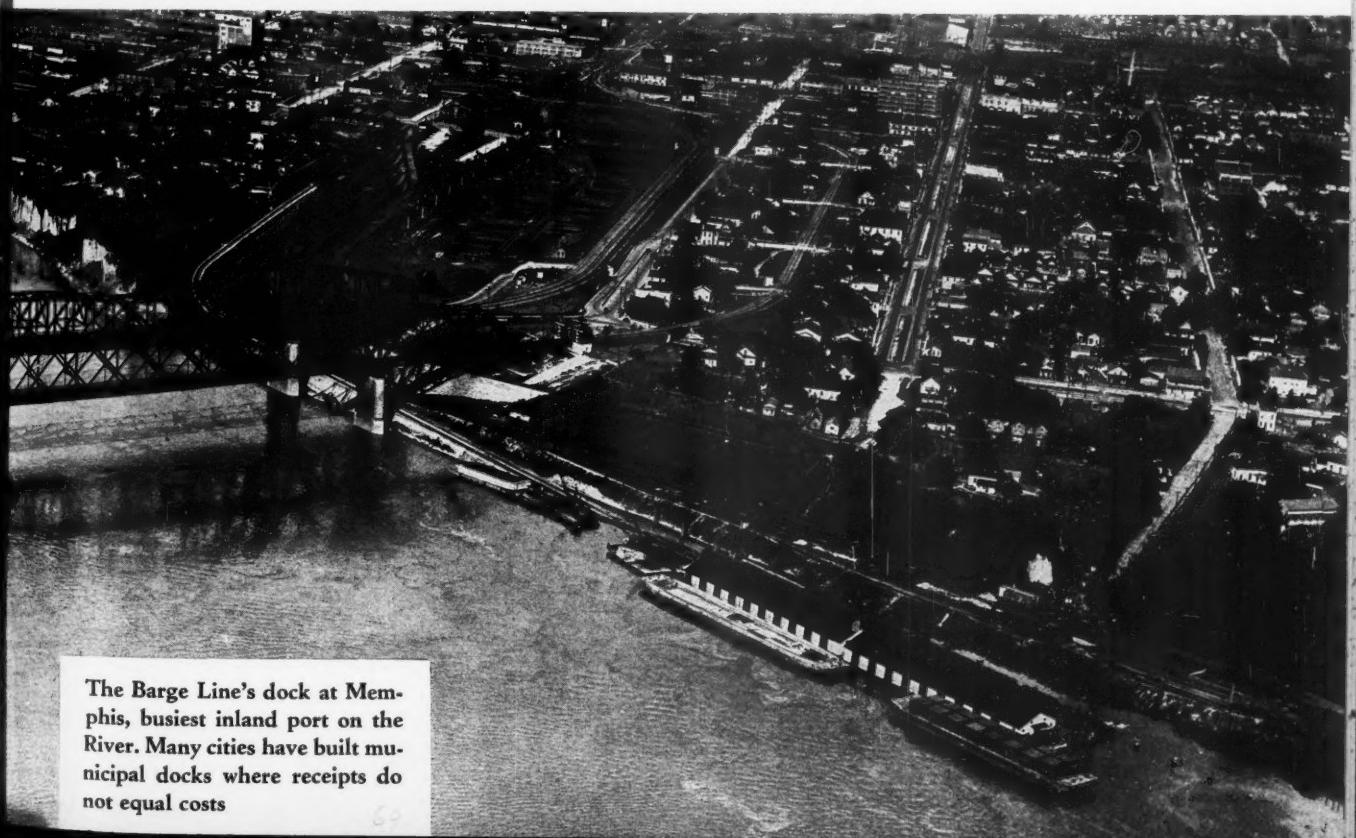
From the inception of barge line operations as a peace-time enterprise, official spokesmen have declared that the Government is *not* in the transportation business to stay; that it is simply making an "experiment" to determine whether or not barges can be operated profitably by private enterprise. Yet, after 12 years, it shows not the slightest intention of getting out of the transportation business. On the contrary, it has expanded its barge service year after year.

When the Inland Waterways Corporation took over in



Today more freight is being carried on the Mississippi than at the peak of the steamboat era. Acre-wide tows of barges carry enough freight to fill hundreds of railway cars

COURTESY I. W. C.



The Barge Line's dock at Memphis, busiest inland port on the River. Many cities have built municipal docks where receipts do not equal costs

CRACKERS
10¢

8

XUM

They saw Si Putney but they heard Voltaire!

It was like lighting a match in a powder magazine...for that traveling salesman to air his political views in Si Putney's General Store. And when he began on, "What ails you farmers"...a dozen angry voices shut him up...plenty! It was then that Si Putney stood up to his full six-foot-three. "Listen!" he said. "I don't cotton to this stranger's kind o' talk no more'n you. But I'll fight any man in the store who says he ain't got a full and free license to speak his mind!" And those grim-faced men fell silent, before that demand for tolerance, as free men have always honored it since it was stated by Voltaire nearly 200 years ago, when he said: "I wholly disagree with what you say, but I will defend to the death, your right to say it."

WHEN Voltaire made his famous declaration in behalf of free speech, he defied every government on the face of the earth. For the surest way, in Voltaire's time, to meet the public hangman was to advocate free and unrestricted expression of opinion.

Yet, a few decades later, in a new world, an American Bill of Rights gave that right of free expression—in speech or in print—to every one of its citizens...and, since then, has kept that right inviolate, against every pressure of changing times and conditions.

It is that spirit of tolerance and fair play in America which inspires a fight crowd to applaud the boxer who helps a fallen adversary to his feet. It encourages a street corner gathering, contemptuous of the rantings of a soap box orator, to stay the hand of the cops who would silence him.

In such tolerance lies the strength of our democracy. Willing to listen to both sides of any question, the average American can be trusted to render a fair and sound verdict.

To give him the news facts of both sides of every question, without bias or distortion is the aim of Scripps-Howard Newspapers. With no affiliations outside of the journalistic field, these newspapers are free to espouse in their editorial pages those causes, regardless of influence or popularity, which seem to them to be vital to the general welfare of the country.

Given all the facts by an unsubsidized, untrammeled press, Scripps-Howard believes there are no problems—economic, social or governmental—which cannot be wisely solved by the people themselves. Theirs is the stuff on which democracy thrives and endures.

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Paddle wheel boats are in operation although many of them have been converted to use propellers

1924, the barge line operated only on the Mississippi River from St. Louis to New Orleans and on Alabama's Warrior River from Birminghamport (22 miles from Birmingham's steel mills) to Mobile. In 1926, the service was extended to the upper Mississippi River as far as Minneapolis; in 1931 to the Illinois River as far as Peoria; in 1933 it was continued to Chicago and, in 1935, it was extended as far west as Kansas City, with occasional service to Leavenworth, Kan.

Today, the Federal Barge Line operates cargo barges and towboats in scheduled service over 3,150 miles of river. In 1935 it carried 2,128,872 tons of freight, exceeding 1934 by 412,852 tons.

Since the Inland Waterways Corporation took over operations, the total investment in real property and equipment has been increased from about \$9,000,000 to \$23,290,641. The floating equipment has been increased from 187 barges, towboats and other units in 1924 to 334 such units today. The annual operating revenues of the barge line increased from \$3,499,631 in 1924 to \$6,707,576 in 1928, declined to \$4,301,088 in 1934 and rose again to \$5,964,764 in 1935. Indications are that 1936 revenues will exceed those of 1928.

The annual reports of the Corporation indicate that the Line showed deficits in 1924, 1925, 1927, 1929, and 1934, the greatest being a \$1,104,621 net loss in 1934. The net income for the ten-year period 1924-1933 (adjusted to present methods of book-keeping) totalled \$769,201, or an average of \$76,920 a year. This was equivalent to an annual average return of only about one half of one per cent on the property investment. The net profit in the 12-year period 1924-1935, reduced by the heavy loss in 1934, was \$525,876, or an average of \$43,823 a year.

Even these unfavorable results are

misleading because of the failure to account for taxes. The avowed object of the venture was to demonstrate the economic soundness of river transportation from the viewpoint of private enterprise, which implies the inclusion of taxes and interest charges in the calculations. So long as the federal Government is paying interest on borrowed money, and the 20-odd millions of dollars invested in the Federal Barge Line are not earning an equal rate of interest, the difference obviously is being borne by the taxpayers.

The deficit is paid by taxes

SUPPOSE the Federal Barge Line was in fact operated as a private enterprise and required to bear its rightful share of the cost of government in taxes and also to pay interest on its investment as any other private enterprise has to do—what then?

Taking taxes at six per cent of total operating revenues (the railroads pay more than 7½ per cent) and taking interest charges at only four per cent of the property investment, the result for the ten-year period 1924-1933 would have been a deficit of \$9,431,678, or an average deficit of \$943,168 a year.

This figures: Net income, \$769,201; additional taxes, \$3,335,957; interest on investment, \$6,864,922; total deficit, \$9,431,678.

Statisticians of the Illinois Central Railroad, one of the barge line's chief competitors, have figured that, to overcome this deficit, an additional 65 cents per ton—or an increase of 17½ per cent in barge line freight rates—would be necessary. Since barge line rates now are approximately 20 per cent lower than rail rates, the Federal Barge Line—despite its free right-of-way and all other advantages—would have had to charge a level of rates about equal those of the railroads to pay taxes and interest on investment.

At least \$200,000,000 of the taxpayers' money, according to the same authority, has been spent in making navigable channels of the Mississippi, Warrior, Illinois and other waterways. The federal Government is spending millions of dollars a year to maintain these channels.

There is also the matter of municipal terminals used by the Federal Barge Line which—not counting Mobile



OVERBEY STUDIO

The Waterways Corporation has increased its fleet from 187 barges, towboats and other units in 1924 to 334 units today



"In the kitchens of our streamlined trains Monel Metal caps a decade of service on the B & O" ... by C. W. GALLOWAY, Vice-President in charge of operation and maintenance,

BALTIMORE & OHIO RAILROAD COMPANY

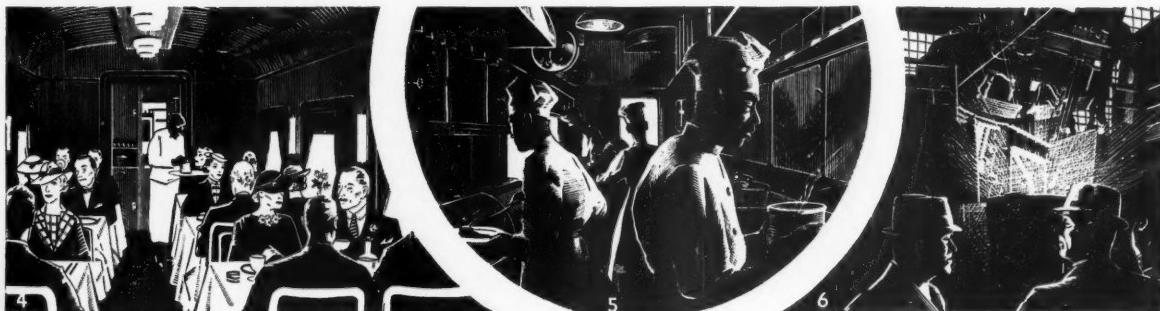


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2. "A few months ago we inspected a number of diners that had been in service ten years or so on our lines. We found their Monel Metal kitchen equip-

ment still bright, easy to clean, and absolutely free from rust.

3. "Condition of the kitchen equipment on our veteran diners confirmed our



choice of Monel Metal for our two new, streamlined trains, the Royal Blue and the Abraham Lincoln.

4. "In these new trains, the kitchens are located in the middle of the restaurant cars...right out where folks can see into every part of them.

5. "In each of these kitchens, four busy cooks find their work made easier by the Monel Metal that surrounds them.

Even the walls and ceilings gleam with this spotless silvery, enduring metal."

6. "Modern manufacturing, like modern railroading, sees many new developments. Monel Metal, industry's best bet for resisting rust, corrosion, and wear, has kept pace with progress, and offers several interesting new forms. Consider K Monel, which is as resistant to corrosion as the Monel Metal you already know...but

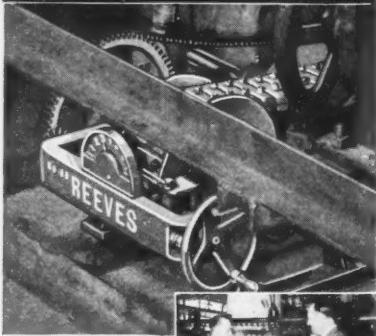
by heat treatment can be given a tensile strength above 150,000 lbs. p. s. i., and Brinell hardness of 325. Has your knowledge of Monel Metal kept pace with its evolution? Do you take advantage of Monel Metal's 1936 advantages in manufacturing? Or as part of the product you offer for sale to today's purchasers? WRITE. Address:

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Mayor Wilson, of Philadelphia, and L. E. Gubb, president of Philco Radio & Television Corp., okay 7-million PHILCO as it comes off the line.



IN SPEAKING of their record of 7 million radio sets, PHILCO engineers say: "We want to give REEVES Transmissions credit for their important part in keeping our assembly lines perfectly timed and under instant control. With this efficient speed regulation, we have found necessary changeovers from one model to another a very simple matter."

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and New Orleans, where other users predominate—represent an investment of at least \$5,250,000. In most cases, the line pays the city a rental fee of 15 cents for each ton of freight handled.

At Dubuque, Iowa, for instance, the city built a river-front terminal for the use of the Federal Barge Line at a cost of \$371,000. Bond interest, amortization and insurance charges borne by the taxpayers during the first seven years of operation totalled \$155,416.50 as against \$22,579.35 that the city received in tollage. Thus, the drain on Dubuque taxpayers was more than five times the amount the city collected from the barge line. For every ton of freight handled through the terminal by the Federal Barge Line, the line paid 15 cents and the taxpayers of Dubuque dug down for 88 cents more.

Peoria, Ill., also built a \$400,000 terminal for the use of the Federal Barge Line. In 1934, the interest, amortization, insurance, and other charges totalled \$36,202 while the barge line paid tolls of only \$11,017.05. Peoria's subsidy was 58 cents on every ton of freight passing through its terminal.

Now let us examine a specific example of barge line-railroad competition.

Barge line vs. railroad

FROM Memphis to New Orleans, practically paralleling the river, runs the Yazoo & Mississippi Valley Railroad, a subsidiary of the Illinois Central. It is in direct competition with the Federal Barge Line at Memphis, Helena, Vicksburg, Baton Rouge, New Orleans and other points.

In 1933 the Federal Barge Line, charging rates approximately 20 per cent less than the railroad, took many thousands of carloads of freight away from the Y. & M. V. Because of subsidies from the taxpayers, the Federal Barge Line in that year showed a profit of \$30,049, including income from investments of money advanced interest-free by the U. S. Treasury but not yet used.

In the same year the Y. & M. V. railroad, with a gross revenue of \$11,991,684, paid \$1,354,194 in taxes, \$895,675 for maintenance of roadway and other fixed property and \$1,832,996 in interest charges. It incurred a loss of \$1,264,013.

Says the railroad:

Had the taxpayers relieved the Yazoo & Mississippi Valley Railroad of all taxes, as they did the barge line, and if, in addition, the taxpayers had kept the roadway in condition and paid the railroad's interest charges, as they did for the barge line, the railroad's costs would have been \$4,082,865 less than they were and the railroad could have reduced its rates on all freight traffic, not 20 per

cent, but 39 per cent below prevailing freight rates and have ended the year with no greater loss than it sustained.

On the other hand, if the Federal Barge Line had been required—as the Y. & M. V. Railroad was—to pay out 11.3 per cent of its gross operating revenue in taxes, 7.4 per cent of its gross operating revenue for keeping its roadway and other fixed property in repair, and 15.3 per cent of its gross operating revenue for interest charges, it would have had to increase its freight rates 55 per cent above its prevailing rates to have ended the year as well off as it did.

Increased capitalization

WHEN Congress created the Inland Waterways Corporation in 1924 it appropriated \$5,000,000 for its capital stock. In 1928, after the corporation had lost money in three of its first four years, Congress came to the rescue by passing the Denison Bill which increased the capitalization to \$15,000,000, authorized extension of the service to all navigable tributaries of the Mississippi except the Ohio (which is served by privately owned barge lines) and, through the ICC, compelled the railroads to join with the barge lines in joint rates and through routes.

Because of these joint river-rail rates, which now extend to 43 states, the Federal Barge Line handles a large volume of freight in coordination with the railroads, in addition to its port-to-port traffic. Freight is shipped from the eastern seaboard to the Mississippi river by rail, carried for perhaps 1,000 miles on the water, and then re-shipped by rail to its destination. The same applies in reverse movement.

A big export trade is also conducted through the port of New Orleans. Automobiles from Detroit, wheat from Kansas, steel from Pittsburgh, go down the river to be loaded into vessels at the Crescent City for shipment all over the world. Sugar from Hawaii and the Philippines, oil from South America, and other foreign imports come up the river from New Orleans for distribution through the Middle West and, by rail relay, to the East.

Pacific Coast trade

THE barge likewise handles a big volume of traffic to and from the Pacific Coast, via New Orleans and the Panama Canal.

Hundreds of thousands of cases of California's canned fruits and Oregon's salmon are brought east each year by this all-water route while thousands of tons of farm machinery and other products go back the same way.

Uncle Sam's Federal Barge Line, while by far the largest, is not the only one operating on the Mississippi

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River and its tributaries. Private capital is attempting to compete with this government venture into the transportation field.

Today more freight is being carried on the Mississippi than at the peak of the steamboat era. Acre-wide tows of barges glide slowly by, carrying in their steel hulls enough freight to fill hundreds of railroad cars. New Orleans is only ten days from Pittsburgh on the downstream trip; 16 on the upstream.

Everything from steel pipe to toothpicks and from threshing machines to canned tomatoes travels by river, much of it to be transshipped by rail to inland points as far away as Texas and Oklahoma. Giant cranes pluck great bundles of steel pipe from incoming barges, and deposit them in railway cars in a single labor-saving operation; mechanical conveyors rumble ceaselessly as they travel between water-edge and warehouse with boxes and bales; steam shovels bite into cargoes of coal, pipe lines suck tank barges dry of gasoline and oils. It is a far cry from the old steamboat days when singing negro roustabouts loaded and unloaded freight with sheer muscle and brawn.

Large tows are possible

IN MARKED contrast also to the belching smokestacks and splashing paddle wheels of the past are the modern Diesel-powered towboats. The \$500,000 "Herbert Hoover," flagship of the Federal Barge Line fleet, with her nine-foot twin-screw propellers can push 12,000 tons of freight—the equivalent of 300 standard box cars—upstream into the teeth of a fighting current at five miles an hour. Built in 1931, the Hoover is of ultra-modern tunnel type construction, which permits the operation of big propellers in shallow water, and is the world's largest Diesel-powered river boat.

Yet the economic soundness of much, if not all, of this bustling activity is sharply challenged by the spokesmen for the railroads. They say:

Only when expenditures made by the taxpayers are forgotten can water transportation by the Federal Barge Line be called cheap. Taking everything into consideration, inland waterway transportation by the Federal Barge Lines is enormously expensive and the costs to the taxpayers overshadow the alleged savings to shippers.

If interest charges and dividends of the railroads were paid by the Government out of the taxpayers' funds, if the railroads were relieved of the obligations of paying taxes and if the tracks of the railroad companies would be maintained by the Government out of taxpayers' funds, the railroads could transport materials for approximately 60 per cent of the present rate as against the barge line charge of 80 per cent.

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Safe Driving Pledge

Dissecting the Tugwell Experiment

(Continued from page 20)
 ilies; at Tygart Valley, W. Va., \$400,000 for 170 families; at Red House, W. Va., \$250,000 for 165 families; at Westmoreland Homesteads, Pa., \$350,000 for 245 families. At Woodlake, Tex., where only recently has even Dr. Tugwell been able to determine how much WPA Administrator Hopkins spent in developing the colony, \$100,000 was allocated for 101 families, but officials have hesitated to advance the money.

Government runs cooperatives

AT THE consumption end, the plan in operation is simply that the Government lends funds at three per cent to finance a store, filling station or any other consumers' service, together with the brains to direct it; then, at the end of the year, divides the profits among the patrons in direct proportion to the purchases each has made. At the production-marketing end, the set-up is the same.

Theoretically at least, the cooperatives are in a position to give Resettlement beneficiaries bigger bargains as consumers and greater earnings as producers because they are not required to return a private profit. But this is not enough. Already plans are afoot to establish federal wholesale co-ops to bind together all the individual associations, eliminate every middle man and make for still nicer inducements.

In order that these government businesses shall have unusual opportunities to succeed, Dr. Tugwell is conducting night schools to make the hundreds of thousands of Resettlement clients cooperative-minded. He is distributing propaganda, inviting them to "beat the merchant at his own game," appealing to them to forsake the private shop for the cooperative "trading post."

But, most important of all, he told me these co-ops welcome public patronage. Residents of the countryside are invited to participate in the benefits of the ventures on the same terms as the Resettlement wards so they may transfer to their pockets the profits which now go to neighborhood stores.

I asked the Professor if

such a course would not tend to eliminate private businesses. He replied that I was "looking far into the future." After awhile, he expressed the opinion that co-ops and private businesses could exist "side by side."

His own propaganda, however, suggests another fate for private enterprise. Take the book, "Fundamentals of Consumer's Cooperation," for instance, which is listed in Dr. Tugwell's study courses so his clients shall know what to read. It is written by V. S. Alanne and published by the Northern States Cooperative League:

When a cooperative store or any other consumer cooperative is started, it is hardly possible for it to avoid competition with private business . . . and sometimes this competition becomes very keen, as the private businesses begin to realize the cooperatives are really threatening to supersede them.

Competition with private business enterprises will be eliminated to the extent the cooperatives progress and grow. When the cooperative grows large enough to become the leading business enterprise in the locality in any particular line of business, it need not fear much competition any more. It can set the local prices, and the private businesses have to follow suit or close up.

In fact, he points out, "to eliminate competition" by thus driving private business to the wall is one of the aims of the cooperative movement. Others, he says, are to extend distributive activities into new lines, to develop retail co-ops to the point that they can take over production, "to eliminate all profit-taking middle men

between consumer and the producer," to extend organization activity, to propagandize for new members, until cooperative associations "cover every activity of human life, and cover not only distribution but production," thus to do away with "the present capitalistic profit system and substitute in its place the . . . cooperative commonwealth."

If you like that, there is still more. John H. Dietrich wrote a pamphlet for the Midland Cooperative Wholesale, of Minneapolis, whose officer, E. G. Cort, has been an adviser to Dr. Tugwell. Writing of the cooperative movement, he says:

It seeks to revolutionize the economic life of man, but it would do so by gradual and peaceful means . . . As it succeeds it displaces little by little the capitalistic structure . . . So whatever changes may come in the immediate future to help the present situation, it still is probable that the ultimate industrial order will be some form of cooperation.

But James Peter Warbasse, president of the Cooperative League of the U. S. A., provides the climax. Since he is an adviser to Dr. Tugwell, his words should carry weight. In his pamphlet, "What is Consumer's Cooperation?" he says co-ops should first provide those retail services which are closest to the consumer. Thereafter, he adds, they take over wholesaling, then importing, then warehousing, then manufacturing, then control of "the land and natural resources"; then ultimately they de-

velop the "Cooperative Democracy" as a substitute for the existing political state. Already, he says, developments are "tending" toward this end.

In the "Cooperative Democracy," he says, he envisions a national union of cooperative employees and a national union of consumers as "the two houses of a parliament which should be capable of serving society more efficiently than the present systems of political government." He says a "national central board" created by this parliament would be the executive branch of the "Cooperative Democracy's" government. "Boards of arbitration" would be the courts.

This is the truth about the cooperative movement which the Professor is abetting, as



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This is *Cattleya Warri*, a fine hybrid Cattleya orchid grown by Thomas Young Nurseries, Inc.



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A. J. Neill

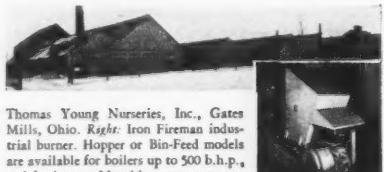
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seen by his own advisers. It is given to Dr. Tugwell's vast throng of beneficiaries as part of their regimentation. Mr. Warbasse's book, "Cooperative Democracy," in which he enlarges on the theme set forth in his pamphlet, is on the reading list of the Resettlement study clubs.

Ever since 1933, the man who was catapulted from a Columbia University professor's chair into a little dictatorship, has been hinting at great plans and the fact that he continues to promote his ideas is evidence that he has approval in high places.

In "The Industrial Discipline," Tugwell declares:

I believe, myself, that we are within a stone's throw of the end of labor—as labor, not as willing and cooperative activity. . . . With the business man's monopoly broken, the way will lie open for reconstructive action.

In "The Battle for Democracy," published last year, he says:

Therefore, what is demanded of us in America today is the making over of the institutions controlled by and operated for the benefit of the few so that, regardless of their control, they shall be operated for the benefit of the many.

Again, he points out that men are glad to work for themselves, as they would in a "Cooperative Democracy," but:

The Industrial system has been turned into an autocracy which was well on the way to killing this impulse in men. It must be shown this cannot be tolerated. This is where our duty lies: The rescue of men from oppression. . . . The challenge is an open one to our society. The opportunity is great. The time is now!

Later, in his Los Angeles speech, October 28, 1935, when the Resettlement Administration was gathering momentum, he gave further information:

What we are witnessing now is the death struggle of autocracy and the birth of democratic discipline. It is the task of progressives to lead the way toward this future. . . . We have no reason to believe that the disestablishing of our plutocracy will be pleasant. These historical changes never are. . . .

Many of our favorite preachers have been devoted to holding us up to scratch in these respects, to keeping us stingy, competitive, unwilling to cooperate. . . . In our hearts we have always known these attitudes are wrong. It is part of the progressive duty to penetrate these springs of generosity, these impulses of cooperation, and cause them

to spread their reviving waters upon a land now parched from long meanness and withholding. . . . He [man] has created a system which will not function except with outright cooperation. . . . If this requires the removal of barriers, that is historically unimportant. That is why I regard the coming campaign as important. It may very well determine whether, some years from now . . . we shall find then that our leadership, our administration and our discipline have been equal to the task of creating institutions suited to the world. . . .

I believe . . . in the complete dominance by the Government of suitable areas of enterprise. . . . It is all important that farmers and workers should see . . . how we can become a largely cooperative instead of a completely competitive nation. . . . We must make irrevocable political commitment to disciplined democracy, to calculated change of institutions whenever that may be necessary, so that they may insure the expression of our national aims.

A going revolution

IN VIEW of recent developments these statements have an import which was lacking at the time they were made. And if one merely takes the evidence at face value, it requires no imagination to conclude that Dr. Tugwell already is the field marshal of a going revolution.

On the other hand, one might conclude that, even though it be the program, the revolution is doomed because of its professorial leadership,

because of extravagances, inefficiency, impracticability, projects too expensive for self-liquidation. If such is the case, taxpayers for the first year of operation merely will have been obligated to lose a certain amount of money; and Resettlement beneficiaries, with dreams of Utopia implanted in their minds, simply will feel frustrated that they cannot obtain it by

a bloodless revolution. That in itself presents a picture which is pregnant with possibilities.

But, to give Dr. Tugwell his due, it must be said that he does not answer to the description of "just another scatter-brained Brain Trust," who is so hog-tied by his own elaborate planning that he cannot make headway. There are plenty of these in Washington; but behind his handsome exterior and quiet, friendly and unassuming manner, this man—



H. ARMSTRONG ROBERTS

whom you must like for his personal charm when once you sit with him—is a rare person. He is not only a thinker, but a doer. His record discloses his tenacity of purpose. Unafraid of criticism, he holds his tongue when he feels it is advisable and maintains his course, come what may. As he points out in "The Industrial Discipline," he is not afraid to suggest the use of "subterfuge" to attain social control of industry. The new tax plan, the food and drug campaign, various legislative ideas, all prove that he is not simply an adviser to the President.

We have had the picture of what will be if the cooperative movement is wholly successful in its aims. The Professor's assistants have given it to us. We have the picture of what will be if Dr. Tugwell is wholly unsuccessful. But let us look at the matter from a practical viewpoint. Let us dismiss the promises of the cooperators as too fanciful. But let us not overlook the fact that unlimited cash can overcome the effect of much inefficiency. What then is the outlook?

Cooperation is fast displacing business abroad. In England, as Dr. Tugwell told me, a third of all retail trade has been captured by co-ops in direct competition with private merchants. In Sweden, the record shows, they have become so powerful in 37 years as to break an international electric light monopoly and take over 20 per cent of the nation's wholesale-retail trade and ten per cent of its manufacturing. They got their start despite government opposition, rather than through government aid. They have borrowed their capital privately at private interest rates. They could only get where they are by giving patrons more for their money, by proving their efficiency over that of private business. Until recently the record of consumers' cooperation in America has been one of failure rather than success. But at last it is achieving sufficient managerial efficiency that it is coming to challenge native business methods.

Cooperatives may thrive—on taxes

NOW, under the Tugwell scheme, the business man's taxes are paid out for cooperative propaganda and agencies designed to crush him. Take the two items in their order.

Writing from an objective viewpoint in the Encyclopædia of the Social Sciences, Elsie Gluck calls co-ops a "challenge to capitalistic enterprise run solely for profit," but she adds, they indicate a "new economic and social order" only when they are linked with other movements. These movements provide strong brick walls

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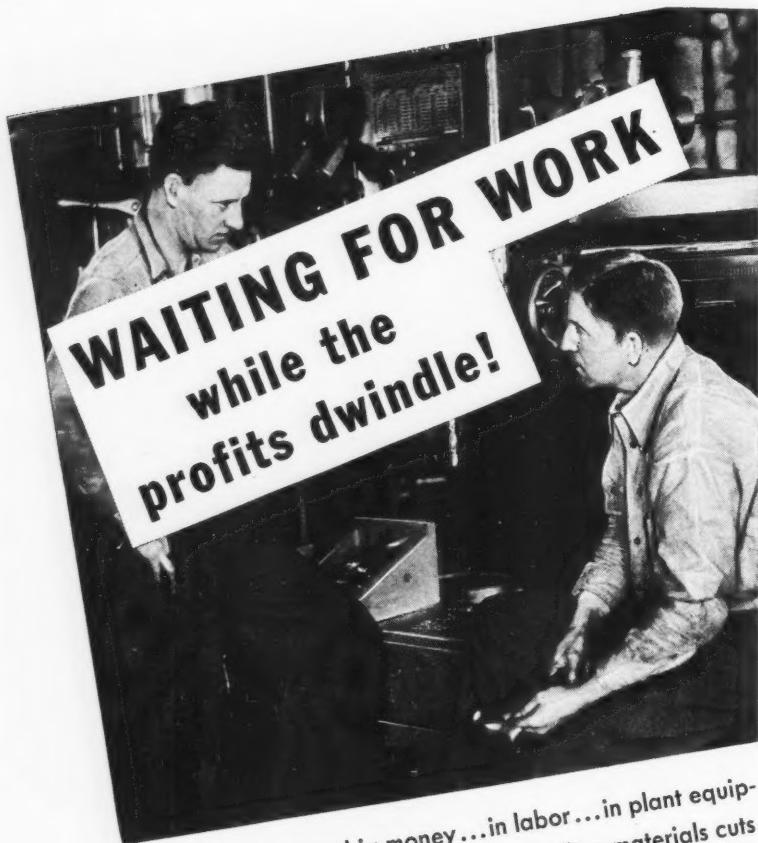
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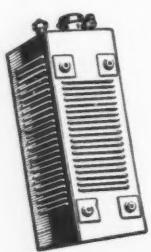
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against which the co-ops can plant the ivy of their philosophy; they spread the doctrine, provide the incentive for growth. As examples, she cites co-operatives' connections with the folk schools of Denmark, the socialism of Belgium, the communism of Russia and the trades unions of England.

In England, the cooperators have become so strong that they organized a Cooperative Party which works in conjunction with the Labor Party and which has had as many as nine members in Parliament at one time. Eugene Kayden in the same book points to the "phenomenal growth of consumers' cooperation since 1924" in England and says this may be traced to a "policy of reaching out to enlist the poorest classes."

Church aid is enlisted

WHAT could be more significant of application to the American scene? When the American co-ops were compelled to generate their own motivating power they were struggling. Recently they have won over universities and the Federal Council of Churches of Christ to begin attracting the upper classes. Thus almost overnight they have gathered such momentum that business men are concerned. And at this very moment Rex Tugwell, his tax-paid army of 20,000 apostles at his heels, gallops up on his white horse and begins tying the cooperative movement to the same "poorest classes" who were appealed to in England with such striking success. But it is not a free appeal here. Already bound hand and foot by government loans and regimentation, these people could not escape if they desired.

It is painful enough to spend a business man's taxes for propaganda to run him out of business. But this is nothing compared with additionally spending his taxes to establish businesses which will seek to best him in competition. I shall cite only one example—Cumberland Homesteads.

There you have cooperative enterprises already competing, but they have been started so subtly, the area is experiencing such a boom as a result of the \$40,000-a-month pay roll caused by construction of the colony, that the local business men have not yet become conscious of the battle in store for them. And the battle is inevitable because at this, as at other Resettlement projects, the beneficiaries are supposed to pay for their benefits by producing, buying and selling. The only markets already are held by private enterprise. If cooperatives invade them successfully, private business takes losses. If the cooperatives fail, the entire colonization must fail. So that cooperative shall not fail

there is a government fund of \$550,000. The Ford Motor Company grew from a lesser investment.

Already there is a cooperative store selling everything from alarm clocks to plows. It has a complete turnover of stock every 20 days and in a single typical month collected \$5,800 on a \$3,200 inventory. Those who have learned what it is about do not mind paying the prices because they are supposed to recover the profits as dividends. When this theory is actually borne out by a distribution of hard cash and the news spreads, is there any reason to believe that private farmers will try to protect the investments of local merchants?

Again, there is a fertilizer plant, mixing the ingredients by the carload and selling the finished product to all comers at prices which entail no private profit.

The countryside already is crowded with tourist camps. The plan is to spend as much as is necessary to establish a de luxe camp, a wayside store and a filling station which should capture the cream of the automobile trade.

Other plans are ready

MOREOVER, there are plans for a plant to produce sorghum which will sell for 25 cents a bottle, a plant to produce sweet potato starch, a preserving and refrigeration plant. Other schemes include the manufacture of fireplaces and furniture, the renting of cottages. As for agriculture, all of the colony's produce is to be marketed by the cooperative, the manager foreseeing the maintenance of agents in the market cities of Knoxville, Nashville and Chattanooga to guarantee that the government wards shall do better than the private farmers. There is no reason why the colony should not capture the best part of this market.

Now the idea is not to ruin the private farmer, but to invite him to share the benefits of the colony's cooperative system. If the marketing service succeeds, the tendency will be to force him into the marketing co-op whether he wants to join or not. And, once on the inside, there is no reason to believe he will refuse to take advantage of the consumers' benefits.

In fact, the plan looks to caring for every one except the private business man, and the extent to which he can compete with the system is limited. He does not have the aid of government experts and equipment and propaganda, though he pays for these. He does not have unlimited financial resources available to him, though it is his money.

It is apparent that there are only

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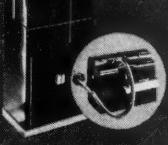
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two possibilities. If the colony fails, all of Dr. Tugwell's expenditures of the business man's taxes will have been wasted. If it succeeds, business men will have paid for the privilege of being ruined.

And Cumberland Homesteads is but one Resettlement project. Plans for more than 200 have been approved. Meanwhile the spreading of co-operative propaganda and money among the more than 2,500,000 rehabilitants has continued, and the number of rehabilitants themselves has steadily expanded. So elegant are the projects that they cannot be justified unless the idea is to make a living propaganda of the chosen people who dwell there—a people whose lives shall be so complete, whose benefits shall be so numerous, that the countryside, observing their superior environment, shall be moved to such envy as to demand the right to join them.

Projects are "colleges"

INDEED, the Professor himself says he pictures his projects as colleges to which neighboring farmers shall come for advice. He pictures them as the cultural and educational centers about which the remainder of rural America shall revolve. He says he pictures them as demonstrations which people shall see and indorse so strongly that state and even county governments shall be prevailed upon to build more. If plans which already have been recommended are followed through, land retirement and resettlement will be so expanded that the socialized area will be as large as Connecticut, Massachusetts, New Hampshire, Maine, Vermont, Rhode Island, New York, Pennsylvania, New Jersey, Delaware, Maryland and West Virginia combined, and persons now holding more than ten per cent of the nation's agricultural area will have received Tugwellian benefits.

We possess every needful material for Utopia, and nearly every one knows it: it is quite a simple conclusion in most minds that control ought to be taken out of the hands of people who cannot produce it from the excellent materials at their disposal. This argument cannot be dismissed by pointing to difficulties because there are always those who have alternative suggestions for meeting those difficulties.

That is what the Professor says on page 228 of his "The Industrial Discipline." With those few words he attempts to dispose of the moral issues involved in taxing a business and using its taxes to ruin it and establish a new order. The business man will not be satisfied but, for the sake of argument, let us suppose he will gladly stand aside and let this

be done if, by so doing, he will have helped to produce the ideal state. After all, every one should be glad to live in Utopia—if it can be shown that Tugwell's land is indeed that place. But so disposing of issues and approaching Tugwellianism from the viewpoint of practicability one discovers the philosophy exceedingly vulnerable.

Granted that Dr. Tugwell can establish co-ops which will rob private businesses of the income they require, he will not have proved their superiority. To be sure, in Europe where cooperatives compete on equal terms with private enterprise they are revealing their superior efficiency to European businesses which they displace. Co-ops are making headway here without the benefit of government subsidy in the form of money or propaganda designed to "beat the merchant at his own game." From the words of its own spokesmen it appears that business must meet their competition.

Indeed, if you accept the liberal viewpoint, the United States as a theoretically free country of equal rights must be ready to allow opportunities for competition to any competitive device which can stand on its own feet and battle its own way. Prof. Walton H. Hamilton, a member of the Yale faculty, an economist of note and former director of the NRA Consumers' Division, expresses this attitude—that if a group of consumers care to organize a cooperative which will obtain its money as do private enterprises, business has no legitimate protest. All the affected merchants can do is try to triumph in honest competition. If the cooperative supersedes the private enterprise it honestly has proved its claims to greater perfection. But it does not necessarily follow that, in this natural competition, co-ops would be as successful as they have been in Europe, for European business methods are not American business methods. They would be successful only to the extent they actually proved their superiority.

But under the Tugwell program, sapping the tax blood of the existing order so that a rival new order may have an opportunity for victory, does not prove Tugwellianism is any more Utopian than the present economic state. Revolution, Tugwell style, merely substitutes one form of economic life at the expense of the other without proving anything except that the Professor has ideas which he wants to put into effect.

It causes one to wonder if Dr. Tugwell has decided who will pay the taxes to subsidize the New Deal cooperatives when they replace existing taxpaying businesses.

Youth Movement —Old Style

(Continued from page 35)

effort to seize control of business has resulted in inefficiency and waste and more taxes. Every time government undertakes to compete with business—government being secure behind the government treasury and the tax-box and the quaint bookkeeping which all governments favor—business must take fright. What utility company would today invest more millions in a plant which must sell current in opposition to a government plant that does not count its costs at all?

Would a grocer put more money into his grocery if he knew that Dr. Tugwell planned to open a Cashless Carry Company on the opposite corner?

More business, more employment

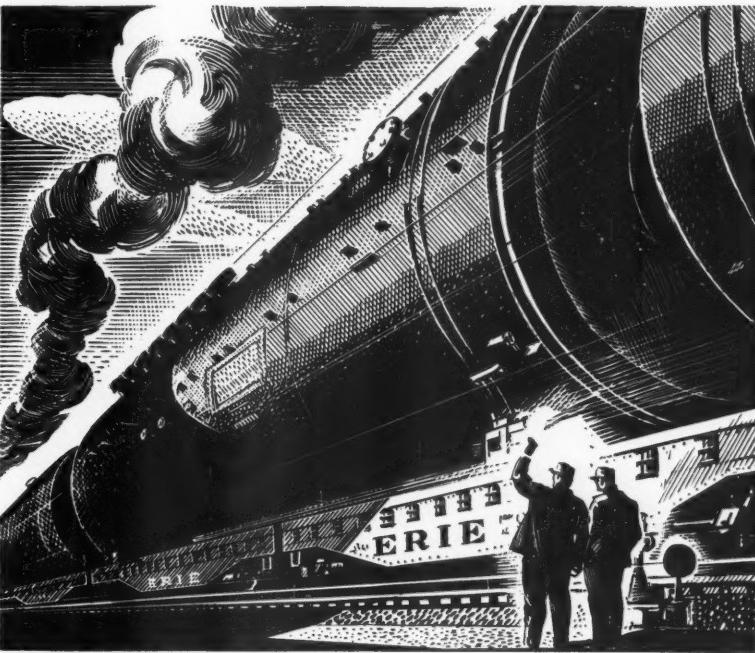
REGULATION does not frighten business. Government competition does. The pity is that today we need enlarged employment. There is plenty of money to invest. Invention and science are ready with a thousand suggestions. Human wants have accumulated. Men need assurance of fair treatment. Government should understand and encourage and not continually shout threats. The fact that a man is elected to office is not an assurance of his wisdom. A law may be the silliest thing ever set in words. Soglow recently listed some of them. A Kansas law still reads that: "When two trains approach each other at a crossing they shall both come to a full stop and neither shall start until the other is gone."

In Milwaukee no person may lawfully climb any lamp post other than his own. In Alabama it is illegal to put salt on railroad tracks, in Cleveland it is forbidden to smoke in a cemetery, and in Columbus, Mont., it is required that every one must lift his hat to the mayor.

You are in a good place to study Americanism, Son. On a ship rigid discipline is maintained. Each man must play his part. In return he is rewarded according to his capacity. You are off now for a voyage to Baltimore.

Ask yourself how long the owners of the ship would carry on with a captain who changed his course and steamed for Charleston instead? Then write me what you think.

With love,
Dad.

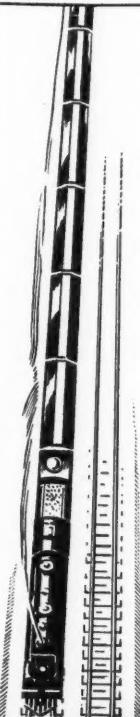


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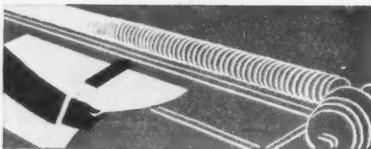
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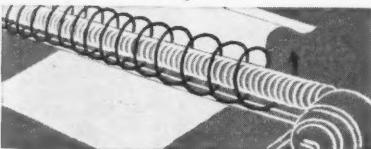


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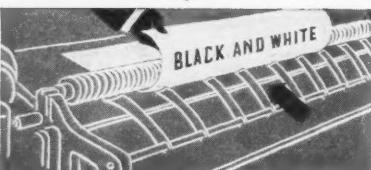
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Your Taxes Will Be Higher

(Continued from page 28) about the Revenue Act of 1936 on the grounds that it would mean tax relief for the "little fellow." A corporation netting \$50,000 a year is no industrial giant in a country where scores of companies net more than \$10,000,000, and the corporation tax rates in the new law obviously do not help the \$50,000 company. It cannot plow back even the average 30 per cent of earnings without having its taxes drastically increased by the new law. If it should try to build itself up to be a \$10,000,000 corporation by reinvesting more than the average percentage of net earnings, its tax increase will be even more severe.

Small companies are hit

EVEN a corporation netting only \$10,000 gains little. The new law permits it to shave a fifth off its federal income taxes by paying out all of its net income and leaving itself with no "undistributed earnings." If it retains the "average" 30 per cent of net, its taxes will be about two per cent lower than they would have been under the 1935 Revenue Act, but if it plows back 37 per cent or more of the \$10,000 its federal income taxes will be automatically boosted.

Since a small company cannot borrow on stock or bonds as easily as large competitors, small concerns probably do retain at least 37 per cent of their net income—or at least more than the national average of 30 per cent—as "undistributed earnings," plowing them back into the business for working balances, repairs, reserves, and, most important of all, expansion. If this is true of your company, the corporation tax rates in the new law have a double dose of bitters for you. Not only will your taxes be increased if you plow back more than \$3,700 of a \$10,000 net, but the harder you climb while you are a "little fellow," the harder the tax collector will hold you back.

Suppose, for instance, a small furniture factory has ambitious plans. While it is netting \$40,000 it can plow back all its earnings by paying a tax of about 29 per cent. If it builds its net up to \$50,000, the penalty for plowing it all back is 30.3 per cent, an advance of slightly more than one per cent in the rate of tax for a 25 per cent gain in net. If its net jumps from \$50,000 to \$10,000,000, the tax rate for retaining all the profits will increase to 32.4 per cent, an advance in rate of only two per cent for a 19,900 per cent jump in

net earnings. In other words, growth is progressively penalized, but especially among small and medium sized companies.

To small companies the Revenue Act of 1936 not only grants limited relief but it tends to condemn them forever to the rating of "small potatoes" in the industrial field. For medium sized corporations, the corporation rates in the new law mean unavoidable increases in taxes, and the same statement holds for very large corporations except that they usually are better able to pay out all their net income as dividends, thus escaping undistributed earnings taxes altogether.

Congress and the Administration, however, intentionally wrote into the new law one provision through which New Dealers expect that some corporations will escape, with complete legality, all or part of the supertaxes on undistributed earnings. Be warned in advance, however, that the company which can avail itself of this loophole will be extraordinary, and the company which does not find its federal income taxes increased regardless of the loophole will be unusual or very small indeed.

What the loophole amounts to is a gap between the income tax rates for individuals and those for corporations. The surtaxes for individuals are lower in brackets below \$26,000 than are the corresponding supertaxes on corporate undistributed earnings.

For instance, a corporation netting and keeping \$10,000 would be taxed \$2,082 whereas an individual with a \$10,000 net income would be taxed only \$700.

Suppose the furniture company netting \$10,000 is owned by one man whose net income from other sources (salary, investments, etc.) is \$4,000. If he leaves the \$10,000 which his furniture company nets in the corporation, the tax collector will take \$2,082 of it. Of this \$2,082 about \$1,040 is the "normal" corporation tax which the company cannot avoid, but the remaining \$1,042 is the supertax on undistributed earnings.

The owner of the company can avoid this supertax in part by declaring as dividends, which he will receive, the \$8,960 of his company's net income which is left after payment of the \$1,040 "normal" tax. By so doing he will increase his own taxable income from \$4,000 to \$12,960 and his personal income tax will rise from \$160 to \$1,035.20, a jump of \$875.20. But he will have cut \$1,042 off his

company's tax, making him a net tax saving of \$166.80.

If he wants to reinvest the money in the furniture factory by buying new machinery or laying up reserves, he can hand the money back to the company and issue to himself out of the company's treasury, stock equal to the amount reinvested. Nevertheless his total taxes, despite the \$176 saving, will be much higher than before the Revenue Act of 1936 was passed.

How much good this loophole will do your company, of course, depends on how large its net earnings are, how many people own it, and how large the owners' personal incomes are. For instance, if ten persons with private incomes of \$6,000 own a company netting (after normal taxes) \$200,000, they can reduce taxes by declaring that net income to themselves as dividends, because the supertax on \$200,000 of undistributed corporate income is higher than the tax on ten private incomes of \$26,000 each.

On the other hand, a man who is the sole owner of a business netting him \$10,000 but who has a net income from other sources of \$100,000 can save money by leaving the \$10,000 in the company and paying a 10.4 per cent supertax on it. If he took the \$10,000 as dividends on top of his \$100,000, the \$10,000 would be taxed 62 per cent, or 48 per cent higher than the same amount in the hands of his corporation.

An intentional loophole

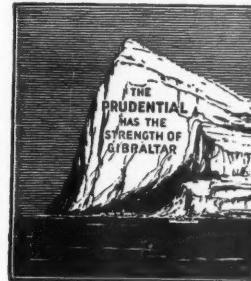
JUST how you can avail yourself of this loophole to the best advantage, if at all, is a good question to put up to your lawyer and accountant. But don't forget the loophole is there—was put there intentionally. It is about the only glimmer of light in a tax law which means much higher taxes for almost all corporations, yours included.

So much for question number one. The answer may not be very simple, but in general it is: yes, the Revenue Act of 1936 probably has increased your income taxes materially.

Where are these tax increases going to fall? This question has been partially answered. What has been added is the supertax on "undistributed earnings," and hereafter your "undistributed earnings" are the key to your situation, raising or lowering your federal income tax as they themselves rise and fall.

Just what are "undistributed earnings?" They are your net taxable income minus three items:

1. Your normal corporation income tax.
2. Any sums which you are forbid-



Do you enjoy
a puzzle
in arithmetic?

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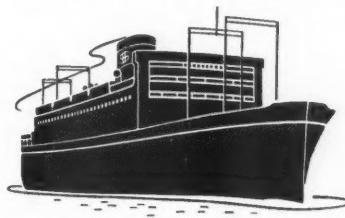
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NB 36

den to distribute as dividends by the terms of some contract executed before May 1, 1936, or any sums which such a contract requires be set aside out of earnings.

3. Dividends if they are taxable in the hands of the stockholders receiving them. Two of these deductions are simple enough; a business man is only too well acquainted with the ordinary garden-variety corporation income tax, and he usually can recognize a dividend when he sees one.

What will give him trouble are the "contracts executed prior to May 1, 1936." To justify a tax exemption, these contracts must deal specifically with dividends of earnings. For example, a contract requiring that a bank loan be repaid before any dividends are paid would exempt from supertax enough net earnings to meet the loan. Similarly a bond indenture requiring that a certain percentage or amount of earnings be set aside as a sinking fund each year would exempt that percentage or amount from the supertax.

There are three deductions

GO back for a minute to the \$10,000 a year furniture company. It must pay a normal tax on the \$10,000 of \$1,040. This is deduction number one, leaving \$8,960. The company has borrowed \$3,000 from the local bank before May 1, 1936, and agreed in writing to pay no dividends until the loan is retired. That is deduction number two, leaving \$5,960. But if from this balance dividends of \$2,000 are declared; that is the third and final deduction, leaving \$3,960 to buy new lathes, repair buildings, increase working capital, or what not. This \$3,960 is "undistributed earnings" and falls under the supertax. In other words all net earnings which you are free to pay out as dividends but which you do not so pay out are your "undistributed earnings," and are subject to the supertax.

No matter what you do with this residue which is left after paying normal taxes, dividends, and contractual liens on earnings, a part of it must go to the tax collector. If you use it to buy new machinery, stimulating heavy industries as the Government has wanted them to be stimulated, still the Government will tax you. If you use it to build a new plant, giving employment to the hard-hit construction workers, still the supertax takes its toll. If you lay up your earnings as reserves so that you can pay wages and taxes during the next depression or if you try to improve your own business, still the supertax applies.

If you lost \$100,000 last year and have \$10,000 of undistributed earnings this year, you will get no allowance for last year's loss. In this respect and others "taxable income" is merely an arbitrary, legal figment which bears no relation to a company's actual net earnings. The obviously harsh and unfair refusal to allow any offset of prior year losses against subsequent profits is one of the hardships which makes the American law unique and throws it into sharp contrast with the British law. To the American Government an apparent profit is something to be taxed, but a loss is merely something for business men to worry about.

Any business man can see with half an eye that the big source of trouble and discrimination in figuring taxable undistributed earnings is going to be those contracts dealing with dividends and earnings. If you got a \$3,000 bank loan before May 1 and promised the banker in writing not to pay dividends until the loan was liquidated, your \$3,000 will be tax exempt when you set it aside out of earnings to repay the loan. If your competitor got an identical loan at the same time but had nothing in his loan contract mentioning dividends or earnings, the supertax will be slapped on the \$3,000 he sets aside to retire his loan.

If you have sinking fund bonds outstanding which specifically require you to set aside \$30,000 a year for the eventual retirement of those bonds, the \$30,000 will be exempt from the supertax. If your competitor has the same amount of bonds outstanding, but, instead of having a \$30,000 sinking fund charge, his bonds mature serially, \$30,000 each year, his \$30,000 may not be tax exempt. Refunding of your tax exempt sinking fund bonds after May 1, 1936, however, will strip them of their tax exemption even though you retain exactly the same indenture provisions.

Here is an actual case of how unjustly this section of the law will work out in one instance. A corporation in western Pennsylvania fell on evil times in December, 1934. Rather than push it into bankruptcy, its large creditors came to its rescue, and, forming a Creditors' Committee, helped it to continue operations. Recovering, the corporation has managed to repay 20 per cent to its merchandise creditors and, apparently, will net about \$50,000 this year.

Unfortunately for them, however, the Creditors' Committee, not being soothsayers, did not foresee events 18 months in the future and did not require that dividends not be paid until the debts were retired. It did require that a majority of the company's stock be placed in escrow and voted by the Committee. This ar-



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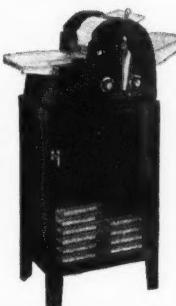
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arrangement certainly is tantamount to a restriction on dividends but it certainly is not a contract "expressly" dealing with dividends, as the Act requires. Therefore, the company can get no tax relief and will have to pay \$15,013.50 in income taxes—\$6,340 in "normal" taxes and \$8,673.50 in supertaxes—for the privilege of paying its creditors.

But here is the most ironic twist of all. The Revenue Act exempts from all supertaxes any corporation in receivership and insolvent, so that, had it gone into receivership in 1934, this company's tax this year would be only \$6,340. The supertax is just a \$8,673.50 penalty on the company and the Creditors' Committee for having staved off a bankruptcy in 1934.

These oddities are just a sampling of the scores which lurk in one section of the new tax law, the section defining undistributed earnings. Other sections have their own surprises. For instance, one works out in this peculiar fashion: if your competitor begins his fiscal year on December 1 and you begin yours on December 2, he will not be subject to the new taxes until next December whereas you will be subject to them right now.

Must be a good guesser

YOU may be surprised to learn that, by implication, the Revenue Act requires business men to prognosticate their company's income before it is actually earned. In order to deduct a dividend payment from your taxable income this year, the payment must be consummated this year. In other words, if your company has net earnings, after "normal" income taxes of \$10,000 this year but does not pay out the \$10,000 as dividends until next year, you will have to pay the supertax on the \$10,000 this year. The \$10,000 dividend which you pay next year out of this year's earnings can be used as a deduction from your next year's net income.

Sometime before the end of your business year you will have to guess your probable net income and pay out dividends accordingly if you want to apply the full dividend credit against the earnings out of which the dividends were drawn. If you miss the mark with your guess and pay out more than you finally earn, you can use the overpayment as a deduction for net income next year.

The list of queer quirks could go on forever, but sufficient unto the day is this simple lesson: your taxes have been raised, and drastically raised, unless your company is an exceptional one, and the increased taxes will fall on those earnings which you try to set aside to improve your business, pay debts, or expand your plant.



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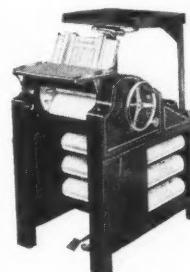
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Shippers Scan New Truck Rates

(Continued from page 40)
mum charge runs from 50 cents to \$2.

One truck classification even says that if an article is not specifically mentioned it will be subject to the highest rating. And many articles of commerce are not listed in that publication. Facing the same situation when shipping by railroad you are allowed to use the rating provided for the most analogous article.

Obviously, we cannot ferret out every peculiarity and distinctive characteristic in the new trucking tariffs.

However, several other items deserve comment. One of these is that many truckers will not handle certain articles. Many of the lists are brief and include no surprises. Others are long and sometimes arbitrary.

Admittedly, trucks have their limitations. Nevertheless, it appears that occasionally a trucker will labor the point in order to reject freight that does not pay a healthy revenue. This might be fair enough except for the fact that the railroads have to accept all freight offered for shipment.

Shippers should remember that, although some motor carriers do not publish a list of prohibited articles, their tariffs list certain articles rated as much as 1,000 per cent in excess of the usual charge.

Another interesting point is that railroads publish exceptions to their Classification in order to reduce certain rates, whereas motor carriers' exceptions are for both increases and reductions.

Minimum weights vary

ONE more warning is in order. In the National Motor Freight Classification, the major truck classification, you will find varying minimum weights for articles shipped in truckload quantities. These minimum weights usually exceed the amount of freight that can be loaded on a single truck. Nevertheless, unless truck tariffs provide otherwise, you must pay on that minimum weight to get the truckload rate, or load enough trucks at one time to equal it. When you ship via railroad and load a car to full visible capacity you pay carload charges on the actual weight, even if it is less than the prescribed minimum.

Lest some readers conclude this is a rather negative discussion, it should be emphasized that shippers are discovering many profitable things in the new tariffs. But since

the trucking industry has not yet been able to act in complete concert it will sometimes be found that the rate or provision most useful to your business does not apply in connection with your favorite trucker. However, apparently no first rate trucker has failed to have his rates reflect certain of the truck's inherent advantages.

Several L.T.L. schedules

MOST motor carriers publish truckload and less than truckload rates. But in addition, the truck is able to offer you a series of rates, beginning with the L.T.L. rate, which become successively lower as the weight of the shipment increases. Thus, you pay the ordinary L.T.L. rate unless your shipment weighs 5,000 pounds or more. In the latter event you will, for example, get a lower rate every time you increase the shipment by 5,000 pounds. This continues until you have enough weight to be assessed the truckload, or lowest, rate. The plan varies in details from one operator to another.

Every business man who recognizes the modern trend toward limited inventories and spot stock distribution will appreciate the very real advantages of this adaptable and flexible rate system. The writer is inclined to think that eventually the railroads will be compelled in self-defense to publish somewhat similar rate schedules.

Another inviting feature offered by motor trucks is the "split" pickup and delivery service. This enables a motor carrier to scurry around a city and collect or deliver a number of your L.T.L. shipments totaling a full truckload. For this you pay the usual truckload rate, plus anywhere from five to ten cents per hundred pounds for the extra pickup and delivery work.

Railroad regulations do not permit such a service when you are paying the carload rate; only one shipper and one consignee must be shown on the railroad bill of lading. Business men can easily see the value of this service.

Already motor carriers give evidence of moving toward a greater uniformity in rates and services. This will eliminate many of the absurdly low rates both truckers and railroads have established to meet one another's competition. Fair-minded shippers will hail, even encourage, such action while they continue to appreciate the numerous and knotty

"Another thing, Miss Beebe"



get the Classified Telephone Directory and look up that Detex man."

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problems which the trucking industry faces in its task of complying with the ICC regulations. Eventually the trucking industry will have a rate structure independent of and without too strict a regard for the railroad rate set-up. Thus is wisdom wrought of experience and experiment.

It is too early to predict the truck's place in our transportation scheme. It is significant, however, to note that the new trucking rates unmistakably reveal a greater willingness to handle short hauls than long hauls. The sooner such basic trends become clearly defined the sooner the railroads will be able to adjust their rates and services to those functions for which they are best fitted. Certainly the shipper will profit by recognizing each carrier's special appeal, and giving each his dues.

Although the new truck regulations have been in effect only a few months, shippers have discovered that the readjustment has its compensations in terms of more efficient and reliable service. It is an undisputed fact that the new regulations have pretty effectively squelched chiseling in its grosser forms. It is known that soon the ICC will make a few examples of several incurable chiselers, with consequent sobering effects upon others engaged in or contemplating such practices.

Small truckers are not hurt

ONE factor about the new regulations is that, contrary to expectations in some quarters, there has been no indication of harmful effects upon small truck operators. Of course, regulation brought order, and that order has been an inducement for substantial interests to get into the business. As a consequence some of the smaller operators have been absorbed by the larger units. But it has always been a voluntary and welcome procedure.

If the larger units have been more successful it is not necessarily because of their influence and wealth. Rather, it is often because honest and earnest men saved their money, bought a truck or two, offered their services as common or contract carriers, but eventually could not make the grade simply because they lacked the training, temperament and skill required for existence in a highly competitive field. Until recently trucking happened to be the kind of business any one could make a stab at if he had accumulated the down payment on a truck. Frequently, the shoe string that gave him his start was transformed into an economic noose by the alchemy of modern competition.

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IF YOU WISH A copy of this 36-page illustrated booklet, WITHOUT CHARGE, send your name and address to: Secretary, Chamber of Commerce of the United States, Washington, D. C.

I Worked in Russia

(Continued from page 31)

labor under the Czar. George was lying on a bed of boards without springs, in a cold, dark, narrow corridor. His lips and tongue were black and he was burning with fever. When I complained to the chief doctor, I was told that the boy was going to die so there was no use bothering with him anyway. He died two weeks later.

Women are supposed to be "free" in Soviet Russia. Yes, they are free to do the hardest kind of labor at the lowest pay. I saw women, usually barefoot, hauling building material, digging ditches, working on the roadbed of the railroads, on the docks, in the mines and as lumberjacks in the woods. Many of these women have children and must work on two shifts to buy enough bread for the family. Many women are forced to become prostitutes and sell their bodies to the higher paid technicians and Communist officials to support themselves. This shameful degradation of women is an accepted part of the Russian social system today.

On almost every street corner in Moscow are scrawny women seated on the sidewalk, in the mud or snow, with babies in their arms and three or four children beside them begging for bread. Begging is one of the chief occupations of many Russian children. We averaged almost 200 beggars at our door in a day, crying for bread. These children rarely see milk, eggs or butter.

On my day of "voluntary" labor on the collective farms and during my trip on the Volga I talked to many peasants. I remember one particularly. He was about 40 years old but looked 60. He wore a dirty linen jacket, a filthy shirt and tattered trousers covered with patches. He wore no underwear. A mass of rags covered his feet up to the knee. His body smelled terribly. The poorest American hobo was a dude by comparison. I asked him to tell me about his condition. I told him I was from America. He explained:

"I have a wife and three children. When the light begins to break I go out into the fields and pick cabbage, carrot and other vegetable leaves. I bring these home to the barracks where I live with 200 other peasants. We cook these leaves on the collective

stove, without any fat or butter, sometimes without salt. This stew with a little black bread will be the lunch for the family. We get only three rubles a day. It is impossible to live on that, when bread costs one ruble a kilo (two pounds).

A meager living

"AFTER breakfast my wife picks mushrooms and berries in the woods. The next day she and the children go to Moscow. While my wife tries to sell her wares in the market, the children go from door to door begging.

"They don't get very much because the workers have little to give. If the children go to the richer parts of the city, where the high officials live, they are driven off by the militia or by fierce dogs.

"What do I have out of life? This is all I possess in the world," he said, pointing to his ragged costume. "I don't even have another rag for a



U. S. S. R. IN CONSTRUCTION

change. My wife and children are in the same condition."

Millions of peasants have died of hunger in the past five years, a fact officially admitted by the Soviet Government. Yet Russia has long been known as the granary, as the bread basket, of Europe. When I asked the Communist officials to explain this contradiction, they would usually shrug their shoulders and say, "What do a few million lives more or less matter, as long as we are building Socialism?"

With this cold-blooded Communist

philosophy they justified the wiping out of millions of people. This is the kind of philosophy the Communists want the American people to support.

The more I saw of Soviet Russia, the more convinced I became that the campaigns for Socialism and the Five-Year Plan are simply a huge, tragic hoax by means of which the Communists are safeguarding their own comforts and privileges at the expense of the down-trodden Russians.

The Communist officials do not live as the Russian workers do. They have higher pay. They have special stores where the best food and other articles never seen in the workers' stores are sold. They have better homes and scores of other privileges which the ordinary workers do not have.

Let me describe, for example, the apartment of a prominent Communist secret police official who once invited me to his home to tell him about conditions in America. It was a gorgeous apartment with its own kitchen, in-

dividual bathroom, elevator service, telephone, steam heat, hot and cold water. My host lived there with his wife and two maid servants. They had no children. The apartment had a sitting room, a dining room, two master bedrooms and one bedroom for the servants, an office or workroom for the master of the house, a game room and a summer porch. It had thickly upholstered chairs, soft couches, Oriental rugs, bearskins and expensive drapery. We were served from the finest China with richly, hand-carved silver. We had every delicacy—wines, cognac, white bread, butter, caviar, fresh vegetables, fruit, candy, pastry and other dainties which no ordinary worker ever sees.

There are many rungs in the Soviet ladder of favoritism and privilege from the lowest bootlicker to the high officials living in the Kremlin. The lowest group are called udarniks or shock workers. To become a udarnik a worker must be late less than three minutes in a month, fill out the quota of the speed-up program (now called Stakhanoffism), attend every meeting and demonstration, contribute toward all government loans, belong to all the required organizations, vote without question for all Communist party measures, volunteer for sub-

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niks, praise Stalin and curry favor with the straw bosses in the factory and in general be an untiring slave.

Udarniks and the privileged class of Communist officials are entitled to speedy promotion and easy jobs. They are not docked when sick. They have first choice in picking lodgings. They have first call for vacations, for clothing, shoes, candy, fruit and theater tickets. That is how the Communist favorites are rewarded.

A member of this favored new Russian aristocracy as a foreign specialist, I was receiving 450 rubles a month with additional premiums and special privileges. When I protested against the inequality and discrimination I saw on every hand in "classless" Soviet Russia, I was given more privileges to buy my silence. But I could

not enjoy these privileges while the workers about me were starving. I protested but it was useless.

Had I not retained my American citizenship, I might long ago have disappeared as mysteriously as thousands of others who dared to protest. Finally I tore up my Communist party card and left for America, resolved to inform the world of what I had seen.

The Communists boast that Russia is the land of no unemployment. I must say frankly that I would rather be on relief in America than an ordinary employed worker in Russia under the most despotic dictatorship in the world.

(Excerpts from "I Was a Soviet Worker" have been used by permission of E. P. Dutton & Co., Inc., Publishers.)

When Astuteness Stifles Volume

(Continued from page 56)
business. During the boom years, they milked the business for more than even world leadership would permit for very long. They pestered the management for more dividends until I expected these executives to resign in a body. But just as things looked worst, the family became so fearful of the future that they approved replacing discharged salesmen, urged renewing of relations with brokers, and actually increased the advertising appropriation by one-fourth, over what it had been in the boomerangest of boom times. Today, they are again so far ahead of competition that it is this company against the entire field of competitors."

Anybody who knows anything about the jewelry field knows that depression years are awfully hard on the manufacturers of quality products of high unit value. History of this industry shows that it has been usual when hard times hit for these manufacturers to withdraw from all aggressiveness and give thanks for the large capital and considerable surpluses behind which they can hide until the storm passes. Well, contrary to custom, one of these manufacturers found himself with impaired capital and no surplus when this particular depression came along.

The impression was that some way would have to be found to perpetuate a miserable existence until "times changed." The facts were that selling had been so easy that the salesmen had gone flabby; they had made pets of most of their dealers so that 60 per cent of the dealers who should have been sold were not even being called upon; a system of long jumps and few calls had developed; the com-

pany and its men had failed to recognize the new era of hand-to-mouth buying and small orders weren't considered worth booking.

The comptroller of this company was one of those fact men, and when he knew the fact, he asked, "So what?"

Intensive selling adopted

BRIEFLY, we wiped whole states off our sales map; we cut expense allowances and increased compensation. We confined salesmen to well defined, limited territories, and we demanded intensive cultivation of all territories. We carefully revised advertising schedules and increased the appropriation. This was late in 1932 and the results in 1933, an exceptionally tough year for high priced jewelry merchandise, showed close to 225 per cent increase in dollar volume and the biggest new dealer year in more than a half-century of business experience for this company, the only company, by the way, that I have ever known to be headed by executives who washed out on impressions and got down to facts in a single session!

If a jewelry business could be made to flourish in 1933, almost any business can be made to flourish now if it is a business that ever could be prosperous. No doubt about it, many factors over which we have no immediate control are retarding business recovery; but impressions, over which we do have control, are doing as much as anything to affect business adversely. If there is so much unemployment that "people can't buy," why are motor cars selling in their present volume? Why are there capacity galleries at every kind of a

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spectacle? Why is long-haul passenger traffic for the railroads back to a 60-40 ratio between men and women? Of course, there is unemployment. There always is. What if there is more now than there should be? There is also employment and there are people who buy as they always have, out of capital. Despite the fact that many reemployed wage earners are paying off debts which piled up during their unemployed period, it isn't as far between buyers as it was even a few months ago; and, consequently, selling is less expensive.

A silverware manufacturer told me the other day that the time isn't quite ripe yet for a major selling offensive. It is his impression that it will be another year before his market will return to normal. The facts are, and they can be set down in convincing definiteness, that the potential market for silverware is above normal right now. A wallpaper manufacturer expressed it as his impression that it was safer to trail along with the Government on its housing program than to undertake any major offensive which would give him the jump on competition, and he said he didn't care to examine any presentation of the facts because he had them already. This isn't true, because the research that established them has just been completed and they haven't been released to anybody!

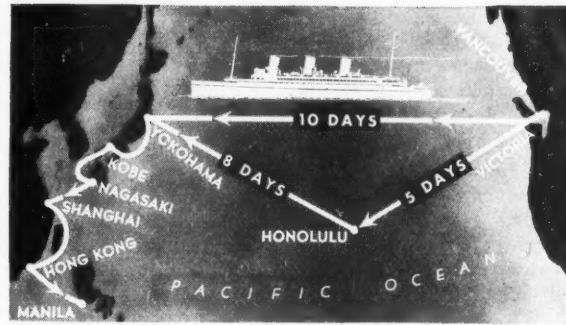
Getting facts helps sales

A FOOD product manufacturer was under the impression six months ago that his product and his package needed changing. The product has been standard for almost a hundred years, but he thought it needed a new shape, or color, or something. So he put one organization to work on that, and another organization to work determining true market facts.

There'll be no change in product or package, but there is already a big change in his advertising and sales are up. His whole organization had gotten the impression that only the canned, ready-to-use form of the product was in harmony with consumer idea of today. Facts showed that housewives buy the ready-to-use form of it only when the raw product is out of stock in the particular stores they visit! This fact knocked the sales department right off its self-built pedestal and it is now operating under the impression that a little sales effort, intelligently applied, may possibly save its members their jobs while quadrupling volume, because that is the increase which facts indicate is immediately obtainable!

Novel, isn't it, to find even one instance in which impressions and facts seem to jibe?

Only 10 Days



The fastest Pacific crossing is *Empress express*. Only 10 days to Yokohama . . . by *Empress of Asia* or *Empress of Russia*. It takes just 3 days more to go via Honolulu . . . by *Empress of Japan* or *Empress of Canada*. *Empress of Japan* is the largest, fastest liner on the Pacific.

Frequent sailings from Vancouver (trains to ship-side) and Victoria to Yokohama, Kobe, Nagasaki, Shanghai, Hong Kong, and Manila, Con-

nect with an *Empress* at Honolulu if you sail from California ports. Orient fares include passage from and to Seattle. Low all-year round-trip fares . . . marvellous First Class, and Tourist Class equal to First on many other ships. Low-cost Third Class on all *Empresses*. All-expense tours.

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3
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and the
COFFEE GRILL
Garage Service.

Hotel Mayfair EIGHTH AND ST. CHARLES
SAINT LOUIS ★ ★ ★

HOTEL LENNOX—Only One Block Over—Same Management

★ ★ ★

XUM

You are at your best, at your desk or on the road, when you are properly supplied with the materials of good living—fine food, restful sleep, courteous treatment, and pleasant surroundings. Hotel Mayfair stands ready to provide them in Saint Louis. At all times—from the moment you

register at the Mayfair until you depart—they are yours, at reasonable rates. Over fifty per cent of all our rooms rent for \$3.50 or less, single; \$5.00 or less, double. Private bath, circulating ice-water, radio, and other wanted refinements. Air-conditioned lobbies, lounges and restaurants.

Money you can be sure of

Many people could get along on a small income if they could be sure of it. Make certain of the little money that spells contentment after your working days are over. Provide an income for the future under a John Hancock retirement plan. You can arrange for as little or as much as your circumstances will permit.

Our booklet, "Money for All Your Tomorrows," tells the story. Let us send you a copy.

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Please send me your booklet, "Money For All Your Tomorrows."

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MR. W. P. TENANT

... special deals don't lure him

Mr. Well Pleased Tenant, like many another occupant of a big Manhattan office building, has been offered tempting inducements to move. Yet one detail that keeps him and thousands of tenants across the nation contented, is *Onliwon Service in washrooms. Onliwon Towels are universally liked. By tenants for their drying qualities and pleasant feel. By owners for their downright economy. Onliwon Tissue also warrants the confidence of the user and the approval of the buyer who knows how it helps cut costs. Your local A. P. W. representative can show you how Onliwon washroom service can bring improvement to your washrooms and your ledgers. Phone him today, or write for samples to: A. P. W. Paper Co., Albany, N. Y.

*A service for washrooms that dispenses towels and tissues from cabinets and assures that the user is the only one to touch them.



There's Real Saving in Onliwon Towels and Tissue

Agriculture's Jack of All Trades

(Continued from page 26)
buildings covered with soybean paint.

Last winter the same organization, the Illinois Agricultural Association, swung into action again in the defense of soybeans. Intercoastal shipping companies doing business between Gulf points and the Pacific coast had raised their rates from \$4.50 to \$7.20 a ton on soybean meal.

The farmers had built up a big business in California and elsewhere and the raise would have killed all this in favor of Manchurian farmers. Into the situation stepped the Association's transportation experts and won a suspension of rates. Meanwhile the ship owners saw the light and compromised on a \$5.50 rate.

There are still further dramatic episodes in the story of how industry is beginning to know beans. Soybeans have been adopted in foundries for core oil and are bringing joy to machinists who have discovered that castings dipped in the inexpensive soy oil remain bright and shining even after long storage in the open.

Helps bread stay fresh

SOYBEAN flour is bringing new life to the commercial bread makers whose "eat more bread" campaign has been boosted because the new flour will keep loaves fresh longer when mixed with the wheat. Pastry makers, too, have discovered that soybean flour in their cakes, macaroni, pies, pretzels or what not, cut the cost of milk, eggs and shortening.

You will find confectioners using the lecithin element in the soybean to keep gum drops from hardening in storage or to put a glossy shine on candy bars and a rich nutty flavor into them as well. Incidentally the soybean adds nutritive qualities to candy, ice cream and fountain drinks, thus making them really a food and giving children a sound reason to ask for more.

Tanners will tell you how the soybean increases the grease-absorbing ability of chrome leather. Textile men manipulate it to produce fabrics soft, supple and lustrous. Rubber manufacturers make it impart that "velvet" feel to their products. Linoleum makers discovered that it solved the problem of cracking in their floor coverings. Construction men tell how a soybean waterproofing compound renders concrete impervious to water. Soap makers utilize it for its great lathering qualities. And the vegetable shortening folks have sweetened many a cook's disposition with a

product that no longer spits at her from the frying pan.

Sausage makers stuff their bologna and weiners with a soybean product and packers put it into their soup cubes. Doctors prescribe soybean "milk" for the baby and, because the bean is practically free from starch, it has opened a new world of interest for the diabetic patient on a restricted diet. Even faithful Fido, the family dog, has not been overlooked for he can get sleek and shiny from commercially concocted dinners that include soybeans in their composition.

A twenty-year development

NOT half the story of all this amazing development has been told here. More astounding, perhaps, is the fact that it began barely 20 years ago, when the World War caused many a shift in the market for raw materials. Coupled with this came a shortage of cottonseed oil which forced the industrial scouts to hustle out on a hunt for something else.

At that time less than 500,000 acres of soybeans were grown in the United States.

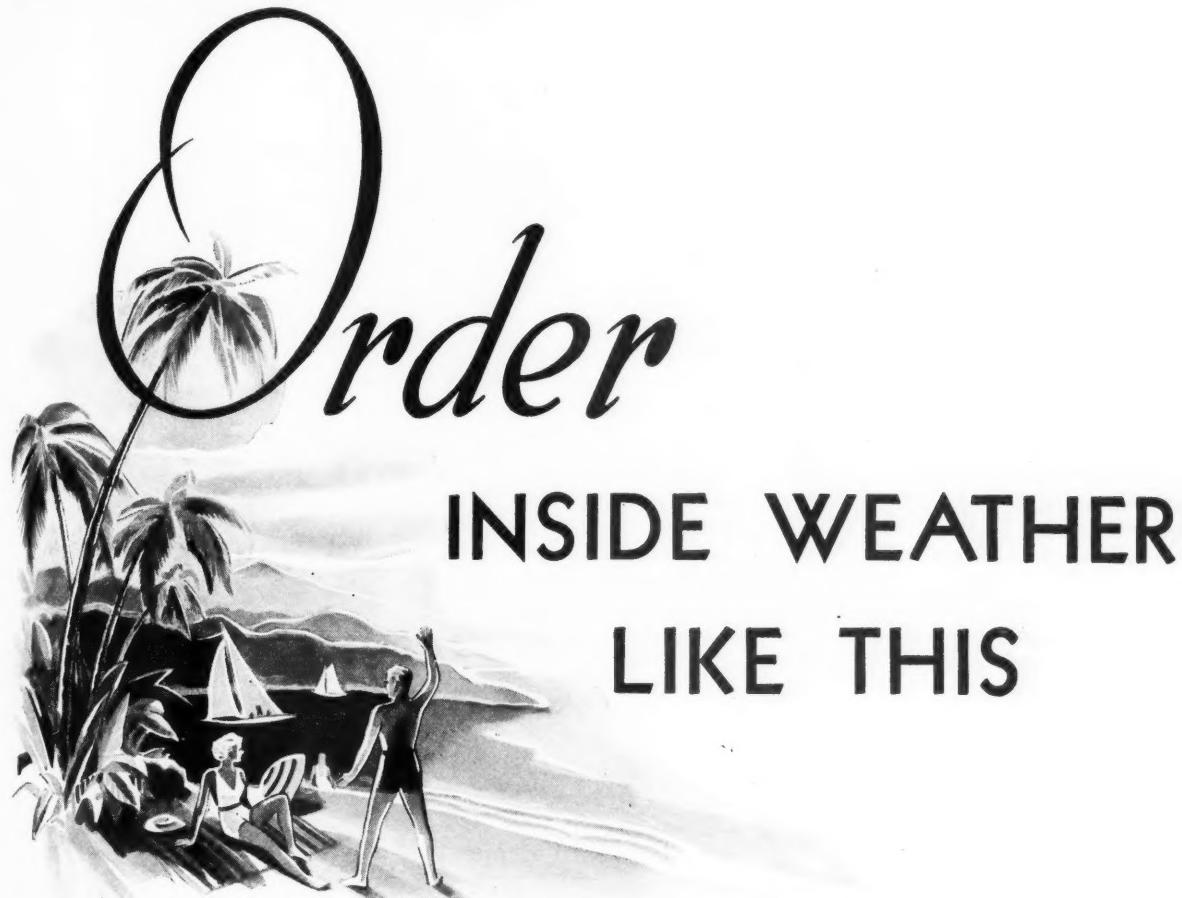
Production in 1925 ran around 5,000,000 bushels. In 1934 it was 18,627,000 bushels and then it jumped to 39,637,000 bushels in 1935. Illinois farmers have always been the leading growers and their production jumped from 10,298,000 bushels in 1934 to 21,834,000 bushels last year.

Almost two decades ago, when the first president of the American Farm Bureau Federation, James R. Howard, was beginning that organization's constructive efforts to aid agriculture by other means than politics, he made a remark which is just beginning to be appreciated at its full significance.

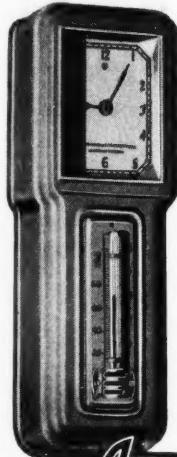
"The surest relief for agriculture," Mr. Howard said, "will come from the production of new agricultural output that will go to industry rather than to the human stomach."

The response to that, so far as soybeans are involved, is seen in a recent government statement that at present more than 120 industrial concerns are making soybean products. They include about 35 soybean mills in ten states and a number of cottonseed mills which crush soybeans for oil and meal; 15 soybean flour mills; 20 soybean food products factories and more than 50 plants where various industrial commodities are fabricated from the magic soybean.

It looks as if industry is beginning to know its beans.



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AUTOMATIC Heating and Air Conditioning — Automatically Controlled — provides year 'round comfort at a profit. Your employees, tenants or customers will be more satisfied with comfortable and healthful inside weather. Automatic control of your heating system, no matter what kind of fuel you prefer, eliminates waste heat and results in important fuel economy. Take a tip from last winter and last summer . . . Install an automatic control system and automatically controlled air conditioning in your building.

It will pay you, your employees, your tenants or your customers big dividends.

Control is Paramount

No matter what kind of heating or air conditioning system you select, automatic control spells its success or failure. Insist upon complete Minneapolis-Honeywell control. It is available for every type of heating or air conditioning installation in homes, large buildings and for industrial applications. Minneapolis-Honeywell Regulator Company, 2923 Fourth Avenue South, Minneapolis, Minn. Branch and distributing offices everywhere.

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Is Your Assurance of Satisfactory Operation of Your Heating or Air Conditioning System
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"America is a tune, it must be

Two words hold an outstanding place in popular discussions of the times in which we live.

Much has been said about *labor* and much about *capital*.

But all too little has been heard about *management*, which puts overalls on both capital and labor.

Both would suffer if those individuals who have the peculiar gift of enterprise did not create opportunity for both to work.

96

Yet the manager seems to be the forgotten man today.

How many of these managers do we have in America? 606,000 men direct the nation's industries, 1,700,000 market the things the factories make. As population goes, this group is small, about 2% of all of us. Yet it is the nation's most important resource.

Why so important? What does a manager do? He discovers new things to build by an-



sung together"

ticipating the needs and desires of the rest of us. He knows how to make old things attractive. He persuades savings to join him in the venture. He manages to put teamwork into production, selling, financing, deliveries. He inspires. He is the leader of the band.

Where do these managers come from? They are recruits from every walk of life, men who have won their way to the top by proving they have a talent for finding productive work for others to do. They know how to run a business on a basis which brings in enough to meet payrolls and pay the bills.

The most precious thing in America is the spirit of enterprise which management supplies—for the job these men who head up business are doing has given this country the highest standard of living in the world.

Isn't it time to quit talking about this land of ours as if it were split into hard and fast "classes," and to think of it for what it really is, the greatest spot on the globe, if not the only one, where classes do not really exist, but all, under the direction of management, pull together for the greatest good of the greatest number?

Where do business leaders come from?

Of 140 railroad presidents more than 100 came up from the bottom; half the bank presidents of New York City are from the Middle West and the farms; most utility operators rose from a linesman job.

And so it is in all industries.

Among the 176 executives responsible for the management of 95% of the steel industry's present capacity, nine out of ten rose from the ranks as follows:

- 84 began as laborers
- 26 began as clerks or stenographers
- 25 began as engineers or chemists
- 19 began as messengers

The management of America's business today is in the hands of men who came from every walk of life—men who exercised the American right of every man to progress as far as his ability will take him. This American tradition must be preserved for the citizens of tomorrow.

This advertisement is published by

NATION'S BUSINESS

It is one of a series of twelve that will appear in metropolitan newspapers throughout the country.

Our subscribers will recognize in it the spirit by which Nation's Business is guided and the purpose it serves—to encourage straight thinking about business and a better understanding of its relations with government.

To that end, if the message interests you, we are prepared to supply, upon request, copies in placard size for bulletin boards and in leaflet form for distribution. Electros will be available for reproduction in house organs.

For further information—write NATION'S BUSINESS, WASHINGTON, D. C.



Despots Are on the Retreat

(Continued from page 17)

cialistic status of these people as the base from which to step into the saddle. Lenin and Trotsky overthrew Kerensky in Russia; Barodine overthrew Sun Yat Sen's regime in China, and Bela Kuhn overthrew Karolyi in Hungary. German Hitlerism and Spanish revolution continue the story.

This provides a pronounced and reasonable cause for apprehension and concern as to the legislation which has been demanded here.

It is time our people realized that government, to be stable, must have a three-way base, the parts being individual and complete in themselves and permitted to act under their own laws—the economic law which pertains to business, the social law which relates entirely to the intercourse of people and their well-being, and the political law which has to do with the government of people in mass.

Government fosters socialism

AT Washington, the political government is being prostituted to the social service and is inflicting a tyranny over the economic forces that can produce absolutely nothing but chaos. All the socialistic schemes of history reappear in these demands for the destruction of accumulated capital, its dispersion among the people regardless of services or deserts, and the transfer of production and distribution to a body of politicians.

If the excess of all individual incomes of more than \$5,000 were distributed to the rest of the population of this country, each person would receive only \$28 a year, and if the principal of all individual wealth exceeding \$2,500,000 were divided, as the late Huey Long suggested, it would only yield \$135 a person. This would at once dry up the sources of taxation; the funds for productive enterprise and the workingman's standard of living would drop. How foolish it is becomes evident when one realizes that four-fifths of our people own three-fourths of the wealth already.

Americans number only six per cent of the people of the world and yet they produced under our present system, in the depression, one-third—and, in good times, nearly one-half—of all the commodities and services.

Alexander Hamilton said in his first Federalist paper:

It will be equally forgotten that the vigor of government is essential to the security of liberty and that a dangerous ambition more often lurks behind the

specious zeal for the rights of the people than under the forbidden appearance of zeal for the firmness and efficiency of government. History will teach us that the former has found a much more certain road to the introduction of despotism than the latter; and that of those men who have overturned the liberties of republics the greatest number have begun their career by paying an obsequious court to the people, commencing demagogues and ending tyrants.

With our American traditions, it is not surprising that we men and women view the attitude of official Washington toward the Constitution with alarm and almost as a personal affront. It was indeed a revolutionary document voicing the antithesis of any previous government. Under it, the God-given inalienable rights belonged to the individual and not to divinely appointed rulers. It was the citizen who had life, liberty and the pursuit of happiness.

There have been plenty of depressions in the past—at least ten since 1820, and each time we have risen under our system to a higher standard of living for all citizens. No other nation has so risen under any other system. If a champion athlete develops bruises you do not tell him his country is finished, then saw off a limb and take him off the Olympic team, but rather you apply liniment, teach him how to avoid the cause and inspire him to more splendid victories.

Perhaps the worst depression of all was in 1786 when trade had practically stopped and the cheap remedies of political quackery ran like an epidemic through the country. Street fights grew into riots; the farmers threw away their milk; used corn for fuel and let their apples rot to starve the city people into submission.

The statesmen of that day framed the Constitution which led them out of this morass to an unheard of prosperity. Principles do not change but we live under constantly changing conditions causing adaptation in their application, but we invite national disaster if we do not make policies conform to principles, for principles cannot be changed to conform to policies.

All changes are not good

CHANGES in our economic system do not require regimentation or the surrender of our freedom to an autocratic bureaucracy. These changes have been physical and not moral. They have not changed our ideals of democracy. Liberty is as valuable to us today as it was to our forefathers

Supply the
BRITISH and EMPIRE
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from a branch factory in
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BRITAIN'S LEADING
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Interested American Concerns are cordially invited to communicate in confidence with:
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or the Travel and Industrial Development Association of Great Britain & Ireland, 6, Arlington Street, London, S.W.1., 28 Avenue des Champs Elysées, Paris and British Empire Building, Rockefeller Center, New York.

when they fought at Valley Forge.

Our country has grown rich and powerful through the toil, industry, thrift, vision and initiative of its private citizens made possible by the freedom they enjoyed under our Constitution. These are the only qualities on which we can rely for future progress which will carry us to an ever higher standard of living.

Under our American system, private enterprise is constantly subjected to the acid test of competition from other units of the same industry—competition from other industries, competition from foreign countries. The management every year must give an account of its stewardship certified to by outside accountants. Under this system inefficient management cannot long survive. In the case of government agencies, there are no such standards of comparison. Thomas Edison said, "The Government never really goes into business, for it never makes ends meet."

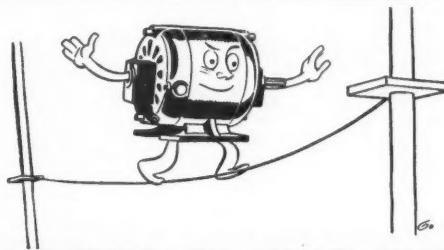
Responsible men governed

THERE was a time not so long ago when the seats in both Houses of Congress were occupied by men who owned the land, built the industries, performed the labor and paid the taxes. Of late years we seem to have been too busy with our private affairs to take part in the actual administration of the Government.

The call today is for the return to representative government which means representation by the men who are solving the problems and carrying the responsibility of our national economic life, not by those who are only talking about it. Capital and labor should work completely together, and dominate the political situation as they rightfully should do, and find a generously conceded meeting ground with agriculture for the good and harmony of the whole.

From increasing contact over 30 years with typical leaders of American industrial life and similar men in England, France and Germany, I want to bear tribute to their generosity, fairness and public spirit. There has never been a time in any land when the relationships of mutual understanding between employer and employee based on right and reason have been so close and when labor has met so much cordial cooperation, with or without labor unions, as has been the case here in our time.

There is abundant proof that the advent of the machine and new discoveries eventually increase opportunity for labor. In 1880 only 34 per cent of the population were gainfully employed. The percentage rose steadily until in 1930 nearly 49,000,000 were employed at the highest wages



BALANCE IS THE THING

Unbalance in a motor means excess vibration, noise, wear. So we test all high speed R&M motors on dynamic balancing machines and make corrections until a tiny beam of light, sensitive to the slightest vibration, shows perfect running balance.

Many electrical-appliance manufacturers are just as particular as we are. So they come

to us for the answer to their motor problems—and nine times out of ten they get what they came for. Which means a better appliance for you to buy, for your home, office, store, or factory.

Make it a point to look for the R&M nameplate on the motor of any appliance you buy. It's a mark of all-round dependability—well worth finding.

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EGRY TRU-PAK



Introduced a few weeks ago, the "400 Line" Egry Tru-Pak won instant acclaim as the industry's outstanding contribution to the more efficient and accurate recording of all business transactions.

A masterpiece of modern design and beauty, matchless in performance, the "400 Line" Egry True-Pak sets new high standards of unfailing control and protection of business profits through the elimination of losses caused by mistakes, carelessness, forgetfulness and temptation.

The EGRY REGISTER COMPANY . . . DAYTON, O.

Burroughs

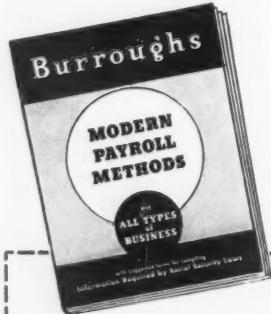
IMPROVE YOUR PAYROLL ACCOUNTING

*and at the same time obtain
the information required by the
SOCIAL SECURITY ACT*

Many employers are finding in recent Burroughs developments a simple solution of the accounting problems set up by the Federal Social Security Act. Often the exceptional speed, ease and economy of new Burroughs machines make it possible for employers actually to lower accounting costs and still have the additional information required.

In fact, many say: "We are glad the Social Security Act prompted us to investigate, because we now have the complete payroll accounting system we have needed for a long time."

We suggest that you call the local Burroughs office. A Burroughs representative will be glad to show you how we can assist you to meet your problem with the minimum change in equipment, and at the lowest possible accounting cost.



THIS NEW FOLDER MAY HELP YOU

Burroughs has just prepared an interesting descriptive folder illustrating complete payroll accounting methods, with typical forms for maintaining the information required by the Social Security Act. The forms show representative entries and suitable column headings. You may have this folder without charge simply by filling in and mailing the coupon.

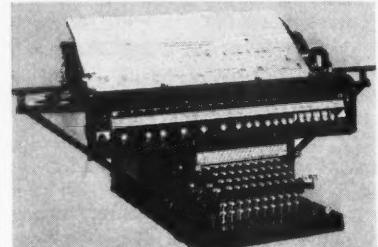
Burroughs Adding Machine Company
6129 Second Boulevard, Detroit, Michigan

Send me the new folder, "Modern Payroll Methods"—which includes illustrations of forms for compiling figures required by the Federal Social Security Act.

Name _____

Address _____

NEW MACHINES FOR PAYROLL ACCOUNTING



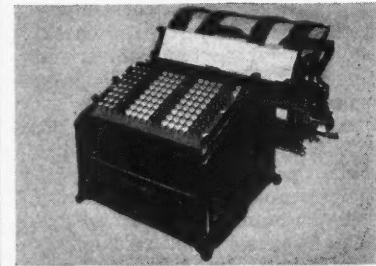
Burroughs Typewriter Payroll Accounting Machine writes check, earnings record, employee's statement and payroll summary in one operation. Column selection automatically controlled. All totals accumulated.



Burroughs Desk Bookkeeping Machine posts earnings records, automatically prints dates in proper columns, automatically subtracts deductions—calculates net pay.



Burroughs Electric Carriage Check-Writing Typewriter writes payroll checks either in units or in strips. Payroll summary completed at same operation. Fast and easy insertion and removal of checks.



Burroughs Automatic Payroll Machine writes check, employee's earnings statement, earnings record and payroll summary in one operation. Accumulates all necessary totals, automatically ejects and stacks checks in order.

and shortest hours in history. Since the signing of the Declaration of Independence, the long series of basic inventions in the fields of science and engineering have considerably altered our mode of life. They have given our workers luxuries unknown to the kings of a few centuries ago.

A profound student of our economic life has written:

The burdens of prosperity and progress are borne by but a few creative spirits enduring endless labor to bring accomplishment out of the indifference of nature and the indolence of man.

The inert mass of humanity imagines it has made and can command the miracles of the modern world in which it lives, though in truth it is but the dumb beneficiary of the daring, the industry, the sacrifice and the insight of a mere handful of forgotten men who carry it on their backs. By destroying them it will some day destroy itself.

One moves with wonder and awe through the maze of modern invention and increasing scientific development as one generation after another, in lands widely distant, finds a new tool by which the burden is lifted from labor and a discovery by which man's path through life is smoothed, his physical suffering alleviated, or his life prolonged.

The report of the National Resources Board called for the expenditure of \$105,000,000,-000 to build a reconditioned America. At least it is a comfort to know we are not finished. We have so often been told of late that we are a finished country with

five or ten millions of permanently unemployed, with more to come, and that we must provide a changed economy fitted to the completed civilization of Europe.

With a relatively young soil and a youthful people, we do not look upon permanent unemployment as a problem likely to come upon us for a thousand years. If 10,000,000 are unemployed, 1,500,000 of those are aged or defectives and totally unfit for work. Another million and a half are the lazy, the riff-raff and the bums who never have worked and never will except under military compulsion. The remaining 7,000,000 of two-fisted, upstanding American citizens eager to work are the ones with whom our industry is concerned, and who will certainly find their way back to work through government encourage-

ment to industry, but slowly, if ever, through direct government employment.

The standard of living of the nation is largely measured by the physical amount of manufactured products which is annually distributed to the people, whether for immediate consumption or for continuous enjoyment or for use in further production. There is no practical limit to the standard of living because there is no limit to the need for useful things.

There is a sort of essence distilled out of the ambitions, the tastes, the environment of a race which is the flower of its contribution to what one hopes is the upward trend of civilization. It is a delicate, elusive, haunting thing which expresses at the same time the nation's most characteristic and yet most elevated aspiration.

In Germany it has been a fine and painstaking scientific scholarship, a universal love of music, and a devotion to family life; in France it has been an artistic esprit, an *élan*, a *caché* like that of fine perfumes and old wine; in England it has taken the form of a local and world sense of responsibility and *noblesse oblige*.

The impact of independent souls upon a new land, through the frontier life now left behind in these 150 years, has gradually formed in the common soul of man in America a delicate, almost spiritual thing we call independence, personal responsibility for our own.

There is no more dastardly and unforgivable crime than to break down and destroy these finest flowers of civilization. They are drawn from the very souls of generations who have endured hardships that they might be born, and in their fruition lies the hope of civilization.

A reassuring change has occurred in the public mind during 1934 and 1935 from the feeling that security of the individual lies in surrendering to the compulsion of the state. This idea came from the eastern world and western men have had to face this challenge to their belief that the state should be their servant and not their master. The balance of power between these two conceptions of life has been shifted. The western idea is no longer on the defensive. The despotisms are on the defensive.



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SOUTH AFRICA

THE land of gold and diamonds is prosperous, and likes American goods. Here are opportunities for American manufacturers.

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1936